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Malaysia Leader Ousts Chief Voice of Reform



Anwar Ibrahim, before his star fell.

Mahathir's Deputy Under Investigation

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad abruptly dismissed his deputy and appointed successor, Anwar Ibrahim, on Wednesday and moved ahead with his own vision for Malaysia's economic recovery that isolates the nation from world capital flows.

The move leaves Malaysia, for decades one of the region's most politi-

On Wall Street, investors go bargain hunting. Page 14.

ically stable countries, without a clear successor to Mr. Mahathir, 73.

It came as Malaysia's central bank unveiled the second stage of far-reaching currency controls, pegging the ringgit to the U.S. dollar in a plan designed to insulate the country from the regional economic crisis. It is a plan that Mr. Anwar, 51, vocally opposed until a few months ago, when his allies in government and the press were removed one by one.

The protracted power struggle between Malaysia's top two politicians ended late Wednesday evening with the announcement that Mr. Anwar, who was widely seen outside Malaysia as a dynamic alternative to the aging prime minister, was removed from his positions of deputy prime minister and finance minister.

Hundreds of Mr. Anwar's supporters gathered in and around his official residence into the early hours of Thursday. "If the police come and pick me up," Mr. Anwar told them, "please stay calm. They are only doing their job."

Mr. Anwar has been embroiled in a sex scandal in recent weeks brought on by allegations in a recently published book, "Fifty Reasons Why Anwar Cannot Become Prime Minister."

Malaysia's inspector general of police, Abdul Rahim Noor, said late Wednesday that Mr. Anwar was not under arrest but that investigations were continuing relating to allegations in the book.

"We are not arresting for now," Mr. Rahim said. "He's not under house arrest now."

Mr. Mahathir, a contemporary of leaders in Asia who have already ceded power to the next generation — men like President Suharto of Indonesia and Lee Kuan Yew of Singapore — now has total control over his country's beleaguered economy. Over the last few weeks, he has announced radical measures to combat the country's most serious economic crisis in its 41-year history, challenging conventional economic wisdom at almost every turn.

"There's a grand experiment which is going on in the region, and Mahathir represents one of the two competing responses to the crisis," said Gerald Segal, an Asian specialist at the Institute of Strategic Studies in London. "Removing Anwar makes sense because he clearly wasn't party to Mahathir's vision."

Mr. Mahathir has steered his country away from the type of recovery plans now being implemented in neighboring Indonesia and Thailand — both of which turned to the International Monetary Fund last year to help rescue their economies.

By following the IMF, Mr. Mahathir

Tensions Rise As Students in Burma Protest Military Rule

Compiled by Our Staff From Dispatches

RANGOON — Thousands of students staged anti-government protests on campuses here Wednesday in the largest surge of political tensions in Burma in nearly two years.

Up to 800 students at the Yangon Institute of Technology chanted slogans calling for an end to the military government, while more than 3,000 demonstrated at the nearby Hlaing campus, where many of the institute's students live, witnesses said.

At least six truckloads of riot police, carrying about 50 officers each, were seen arriving at Hlaing, three kilometers (1.8 miles) south of the institute in central Rangoon. Up to 200 more were deployed around the main Yangon campus, diplomats and witnesses said.

Gates to the campus were locked, and the students did not try to reach the streets. The riot police had shields and batons but no firearms were seen.

The protest was initially triggered by student anger at arrangements for examinations over the last two weeks, the first since universities were closed following unrest in December 1996, diplomats said.

A spokesman for the government said there had been no arrests and that school authorities were handling the problem. Meanwhile, the pro-democracy leader, Daw Aung San Suu Kyi, met with diplomats in Rangoon, a move that could antagonize the government, which maintains that hostile foreign nations are using the movement she leads to destabilize the country. There were no immediate details on the talks.

Daw Aung San Suu Kyi said Tuesday that the military government might use force to resolve its latest confrontation with the opposition, possibly banning her party.

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Key Genocide Conviction By UN Court for Rwanda

By James McKinley Jr.
New York Times Service

ARUSHA, Tanzania — In a landmark decision, a United Nations tribunal investigating mass killings in Rwanda handed down its first guilty judgment on Wednesday, convicting a small-town mayor on nine counts of genocide and crimes against humanity.

After nearly four years of decision by a three-judge panel marked a pivotal moment in international law and a triumph for the tribunal, which has been plagued by mismanagement and corruption since its inception.

The conviction of the mayor, Jean-

Paul Akayesu, said the International Criminal Tribunal for Rwanda, was the first by an international court for the crime of genocide. The decision was said to lay the legal groundwork for future genocide prosecutions in UN courts.

The crime was first defined in a global Genocide Convention adopted in 1948 and ratified in 1951 in the wake of war crime trials after World War II.

In another major ruling, the court held that the systematic rape of Tutsi women in Taba amounted to a genocidal act. In effect, the ruling expanded the definition of genocide to include rape and sexual aggression, saying that they fall under a clause in the 1948 convention defining genocidal acts as those causing "mental or physical harm to members of a group," lawyers said.

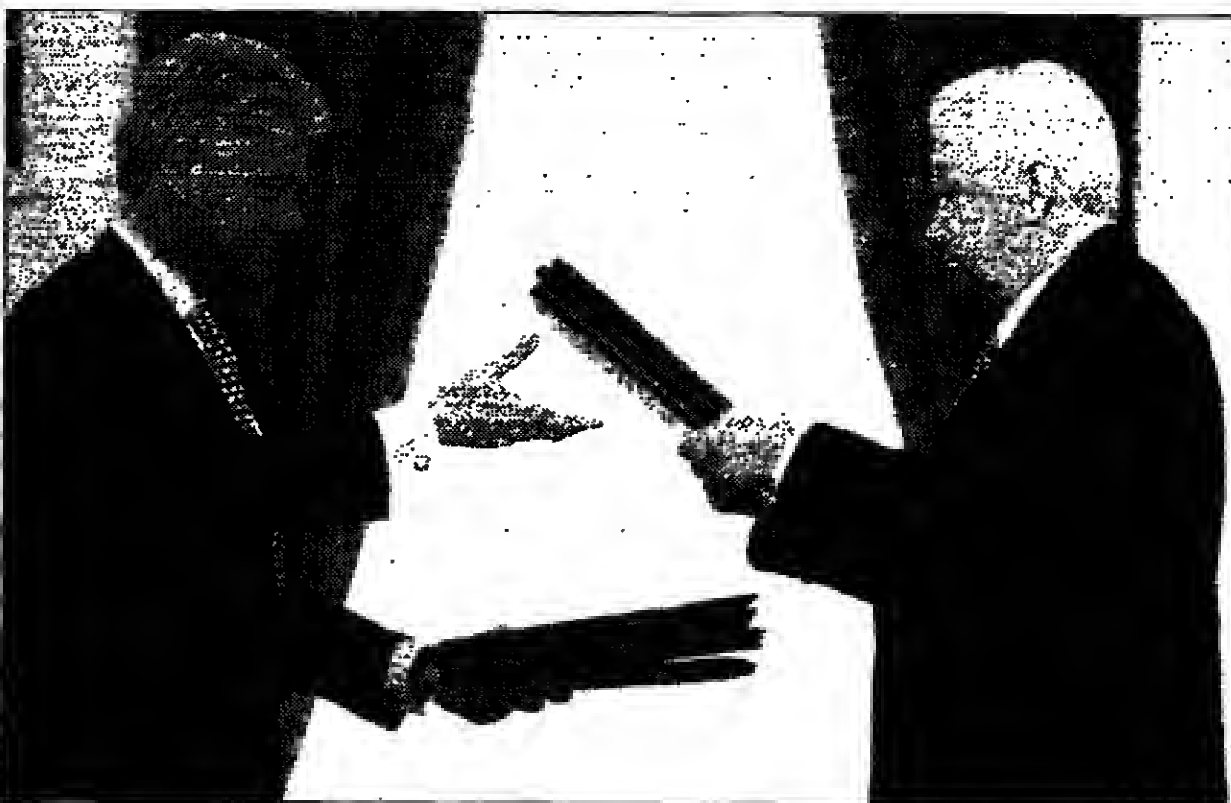
"It gives us a road map of how we are to proceed in the future," the lead prosecutor, Pierre Prosper, said afterward.

The former Hutu mayor of the central Taba commune, Mr. Akayesu, won once and then betrayed little emotion as the president of the tribunal, Judge Laity Kama of Senegal, pronounced him guilty on nine of the 15 counts in the indictment.

Mr. Akayesu faces a maximum penalty of life in prison, court officials said, adding that he will be sentenced later this month if he loses an appeal. The judges

Newest Prices	
Bahrain	1,000 BD Milla 55 c
Cyprus	£ 1.00 Nigeria 12500 Naira
Denmark	14.00 Dkr Oman 1.250 OR
Finland	12.00 FM Qatar 10.00 QR
Gibraltar	£ 0.85 Rep. Ireland 1.00 IR
Great Britain	£ 0.90 Saudi Arabia 10 SR
Egypt	£ 5.50 S. Africa R12 x VAT
Jordan	1.250 JD U.A.E. 1.00 Dh
Kenya	K. Sh. 180 U.S. Mil. (Eur) 1.20
Kuwait	700 Fls Zimbabwe Zm\$40.00

A 'FRIENDLY' SUMMIT ENDS - WITHOUT MUCH TO SHOW



Presidents Bill Clinton and Boris Yeltsin exchanging summit documents Wednesday in a Kremlin ceremony.

Yeltsin May Have to Go, Tycoon Says

Berezovsky Cites Need for 'Strong Authority'

By David Hoffman
Washington Post Service

MOSCOW — Boris Berezovsky, the wealthy tycoon who pushed to bring Viktor Chernomyrdin back to power as Russian prime minister, suggested Wednesday that President Boris Yeltsin should resign if a strong government authority cannot be created soon.

In an interview on a Moscow radio station, Mr. Berezovsky raised publicly for the first time the possibility of a Yeltsin resignation. Last week, in response to rumors that Mr. Berezovsky and members of his family were seeking to persuade Mr. Yeltsin to resign, the Russian president insisted that he would not step down.

Mr. Berezovsky, who has been close to Mr. Yeltsin's family and especially his daughter, Tatyana Dyachenko, used oblique language, but his message was that Mr. Yeltsin might have to quit if a strong leader is not confirmed by Parliament.

Mr. Yeltsin is locked in a battle with the lower house of Parliament, the State Duma, over his nomination of Mr. Chernomyrdin to return to the post he held for five years. The Duma has rejected Mr. Chernomyrdin once and will take up the nomination again on Friday.

"If there is not strong authority, Boris will have to resign before his term expires to clear the field for the creation of such strong authority," Mr. Berezovsky

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More on Russia

• Clinton's upbeat message to Russia is a victim of bad timing, engulfed by the crisis and described as irrelevant. Page 5.

• The experts, running out of options for Russia's economy, are taking a look at measures once considered extreme. Page 13.

• U.S. will alert the Russians when it spots missile launches around the world. Page 5.

• Kohl's international record, including Russia, cuts both ways in re-election campaign. Page 7.

No Sanctuary for Clinton in Kremlin

Even in Moscow, Questions About Lewinsky Persist for President

By John M. Broder
New York Times Service

MOSCOW — For President Bill Clinton, there is no escaping Monica Lewinsky.

Even within the walls of the Kremlin, at a time when Russia is seething with political intrigue and economic privation, Mr. Clinton was confronted Wednesday with questions about his relationship with Ms. Lewinsky, the former White House intern.

Mr. Clinton elaborated — a bit — on his nationally televised statement of Aug. 17 in which he admitted an inappropriate relationship with Ms. Lewinsky and then leveled an attack on Kenneth Starr, the independent counsel who cornered Mr. Clinton into the grudging admission.

Since that statement, the president has come under heavy

criticism, much of it from members of his own party and political allies, who have said that Mr. Clinton was overly defensive and insufficiently contrite.

On Wednesday, he issued a broad statement of regret about the affair, but stopped short of an outright apology to anyone. And he again said that the investigation that brought him to this pass was "disproportionate" to his alleged offenses.

In a news conference with President Boris Yeltsin of Russia, Mr. Clinton took three questions from American reporters. Two concerned the Lewinsky matter.

In response to the first, from Lori Santos of United Press International, Mr. Clinton said that he was "heartened" by the reaction of the American people and world leaders. But he looked anything but heartened by having to deal with the

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A Vote of Confidence in U.S. Economy

By John M. Berry
Washington Post Service

WASHINGTON — The U.S. economy remains so solid that the decline in the stock market from its July peak will merely slow growth of the nation's economic output and will not come close to causing a recession, according to a number of public and private economists.

Federal Reserve officials, who generally seem to share that view, have been resisting calls for a cut in short-term interest rates. Several officials said late last week that they were no longer considering raising rates to keep inflation low, but that they also saw no need to lower them. Given their longer-

term perspectives, this week's market gyrations were unlikely to have changed that position.

One reason the impact of falling stock prices is likely to be muted is that the global financial turmoil already has reduced U.S. interest rates — those set by market forces rather than central bank policy — and helped lower inflation. For instance, yields on 10-year U.S. Treasury notes, a key determinant of rates on 30-year, fixed-rate home mortgages, have dropped in recent days to around 5 percent, the lowest levels since 1965.

Falling stock prices can hurt economic growth by discouraging spending by consumers who are watching

their wealth dwindle and by making it harder for businesses to raise capital by selling new stock. But falling interest rates can encourage both more household purchases and more business investment by making it cheaper to borrow.

Because of such offsets to the stock market impact, "you don't have anything approaching a recession," said Joel Prakken, an economist at Macroeconomic Advisers, a St. Louis forecasting firm. "In fact, you barely dip below trend" — that is, the rate of growth the nation can enjoy with a steady unemployment rate. His firm

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AGENDA

Sinn Fein to Help in Disarming

The political wing of the Irish Republican Army announced, shortly before a visit by President Bill Clinton, that it would cooperate in peace-makers' efforts to locate secret caches of weapons and explosives in bunkers throughout Ireland. The policy shift is aimed at renegade extremists. Gerry

Adams, president of Sinn Fein, appointed the group's chief negotiator to the independent international commission on disarmament, which was set up in April by the peace accord. "The issue of arms must be finally and satisfactorily settled," Mr. Adams said, dropping the earlier stand. Page 5.

Israeli Labor Group Calls a General Strike

JERUSALEM (AFP) — The main Israeli labor union confederation, the Histadrut, announced Wednesday that a general strike would begin Thursday morning.

Histadrut said it decided on the strike after its secretary-general, Amir Peretz, held fruitless talks with Finance Minister Yaakov Neeman.

Histadrut is demanding raises of 8

percent for public employees. The Treasury has refused to give salary increases of more than 5 percent.

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Islamic Law in Pakistan / Proposal Splits a Society

'Will This Lead Us to Another Taleban?'

By Pamela Constable
Washington Post Service

ISLAMABAD, Pakistan — To some Pakistanis, the imposition of Islamic law holds out the promise of a just, egalitarian society free of corruption, bureaucracy and vice. To others, it raises the specter of amputated hands, flogged backs and women permanently relegated to purdah, or life behind a veil.

Since Friday, when Prime Minister Nawaz Sharif announced a legislative plan to make Islamic rules a fixture in Pakistani law and government, people here have talked of little else. And that, say Mr. Sharif's opponents and a variety of observers, is just what he had in mind: a bombshell to distract the nation's attention from more urgent crises in the economy and foreign policy.

Under Mr. Sharif's proposed constitutional amendment, the federal government "shall be under an obligation to take steps to enforce the Sharia," referring to the Islamic code of justice that is a prominent feature in such strict Muslim societies as Saudi Arabia and Afghanistan.

In Pakistan, human rights groups and women's groups have quickly condemned the plan. They warn that it will further set back the rights of women, who already face widespread domestic abuse and discrimination here, by institutionalizing their status as invisible and inferior.

"Will this lead us to another Taleban?" asked Shahbaz Bokhari, director of the Progressive Women's Association, referring to the radical Islamic militia that controls most of neighboring Afghanistan. The association assists hundreds of Pakistani women who have been burned or mutilated by their husbands. "If Sharia is imposed, how can they say women will be safe? At home, behind a veil, where they can be burned or killed with no recourse?"

MR. SHARIF and his aides assert that their agenda is different: to clean up a notoriously corrupt and inefficient state system, to establish a fairer distribution of wealth in a deeply impoverished country and to bring the practices of both business and government into conformity with the ideal of a moderate Muslim society. Their three-page 15th Amendment, they said, is only a statement of principles that would have to be fine-tuned by the legislature.

"This is not Taleban," Information Minister Moshahid Hussain, a key Sharif adviser, said in an interview. "This is not a throwback to fundamentalist extremism. This is a long-standing demand of the people. The average Pakistani feels he has no access to justice, that crime and corruption are rampant."

"We are trying to establish a new ethos, a new political culture, and we are doing it by democratic and parliamentary means."

This week, front-page government advertisements appeared in most newspapers, urging people to "join hands to make Pakistan a strong and just society free of barbarity and lawlessness."



Girls studying Koranic verses in Pakistan, where the prime minister has called for adopting the Sharia.

There is little doubt that such rhetoric resonates with many. In bazaars, bank lines and bus stations, Pakistanis complain of police officers who extort rather than protect, price increases that squeeze the poor, laws that do not apply to the rich and glacial bureaucracy and officials open to bribery.

The tension between politics, law and Islam dates to this nation's birth in 1947, when the Islamic Republic of Pakistan was created as a homeland for the Muslims of British India at the end of the colonial era.

But many Pakistanis express dismay at what they regard as a disparity between the country's title and its reality.

In interviews this week, ordinary citizens tended to praise Mr. Sharif's initiative as a potential cure for what they see as the moral malaise of the country, although many doubted it would succeed. Others said they wished the government would focus more on the stumbling economy and the tangled state of relations with neighbors and foreign creditors.

"We congratulate Nawaz Sharif for his efforts to make Pakistan a truly Islamic state," said a sign handwritten in Urdu hanging in a pharmacy window.

"We have so many problems — fascism, corruption, bureaucracy," added the pharmacist, who gave his name as Usman. "I'm not sure this effort will succeed, but I hope and pray that Pakistan becomes a Muslim state."

BUT NADEEM RAMZAN, 31, who sells video games in a bazaar, said he did not think Islamization would accomplish much — especially since the vast majority of Pakistanis already are practicing Muslims who believe in the Koran as much as in civil law.

"We don't need a proper Islam, we need a proper Pakistan," Mr. Ramzan said. "We are all Muslims living in a Muslim state. The problem is that in 50 years, none of our leaders have set the country right. They have just divided up the pieces, while we keep falling off the bottom steps and all our taxes go into their pockets. If Sharif says bring more Muslim rules, I say, 'Let us see them on his own neck too.'"

Pakistan is not only a Muslim state, legal experts and opposition leaders point out, but also has an Islamic constitution and a dual system of Sharia and civil courts as well as a British-style parliamentary democracy.

In fact, critics of Mr. Sharif say there is no need to bring Islam into the law — only to enforce it more fairly and swiftly and to set a better example from the top.

They assert that his true purpose is not to clean up a corrupt system but to gain tighter control over it, emasculating the Parliament and judicial system while strengthening executive power.

"This is designed very nakedly to concentrate all authority and power in the prime minister's office," said Aitzaz Ahsan, the opposition leader in the National Assembly. "It would make him a super-constitutional monster."

Although Mr. Sharif's aides said the proposal would be developed through Parliament, Mr. Ahsan noted that it would allow the executive to issue orders that neither courts nor legislators could contest.

"In effect," he added, "this would repeal the constitution and require Parliament to dissolve itself. It would be a disaster."

Similar criticism has come from all corners of Pakistan's establishment, which largely views itself as modern and moderate. Some officials of Mr. Sharif's own party, the Pakistan Muslim League, oppose the amendment. Even more surprisingly, some Muslim religious leaders also have condemned Mr. Sharif, saying that he is using Islam as a political device rather than seeking genuine change in society.

"He is in the midst of so many crises at once, so he is taking cover under the pretext of Islamization," said Qazi Hussain Ahmad, leader of the Jamiat-ul-Islami, a Muslim political party. "We want to build an egalitarian Islamic society, but it can't be done through promulgating laws, only through education and the example of the leading class."

Angola Faces Renewal Of Civil War as Unity Government Unravels

By Suzanne Daley
New York Times Service

JOHANNESBURG — Even as Angolan troops are busy propping up the neighboring government of Congo, prospects for peace in Angola seem to be dimming.

In a blow to the country's fragile peace process, the ruling party put the country's government of national unity on hold Monday. Saying that the rebel party, UNITA, had failed to meet its peace-treaty obligations, it suspended all representatives of the former rebel movement from Parliament. It also suspended the four UNITA cabinet ministers and 11 deputy ministers.

In a statement, the government urged the people to stay "calm, vigilant and to not act in a manner contrary to the spirit of national reconciliation."

But many analysts said they feared the country was sliding into an undeclared war. In recent weeks the government has reported increasing clashes in the countryside, including a battle in the northern province of Malange that apparently left 200 dead.

The creation of the government of national unity last year was in many ways the linchpin of the peace process, which has dragged on for far longer and cost far more than anyone expected. The United Nations has spent more than \$1 billion on peacekeeping in Angola.

"What we are seeing is the gloves coming off again," said Richard Cornwell, a security analyst in South Africa with the Institute for Security Studies. "It all looks very dangerous."

After more than 20 years of civil war that left most roads cratered, most industries destroyed and millions dead, Angola has been hovering somewhere between peace and war for more than three years.

At stages, both the government, headed by President Jose dos Santos, and UNITA, the Portuguese acronym for the National Union for the Total Independence of Angola, have been faulted for foot-dragging on the peace accord.

But in the last year, international observers held UNITA responsible for delaying the final stages of the 1994 accord, the Lusaka Protocol, and the United Nations imposed sanctions, including travel restrictions, on UNITA leaders.

Last week, UNITA issued declarations that lashed out at the United States,

Russia and Portugal, the three countries that had official "observer" status in the peace process. The rebels said they would no longer deal with those countries because they had disqualified themselves "by not observing the criteria of neutrality and balance in their activity."

In suspending the unity government, Mr. dos Santos's party said recent clashes in the countryside had proved that UNITA had failed to disarm.

UNITA has claimed that it no longer has any kind of army. But diplomats estimate that it still has more than 30,000 well-trained and well-armed guerrilla fighters.

In the spring, there appeared to be little left to do to complete the Lusaka Protocol. The government of national unity had been formed, most of the districts had been turned over to government officials for administration, and thousands of UNITA soldiers had been demobilized.

But the accomplishments were more paper victories than real ones.

Clashes continued throughout the country, and as the time came for UNITA to give up its pivotal strongholds, the rebel leaders balked.

UNITA officials said the newly installed government administrations were harassing and even killing its supporters throughout the country. In some cases, diplomats said, the claims were true.

The government had set Monday as a deadline for UNITA to turn over all territory. That did not occur.

In a statement Monday, the government said recent clashes had proved that UNITA had "violated the constitution of Angola, the law of political parties and the Lusaka Protocol."

Some analysts said they believed the two sides were gearing up for more sustained clashes and that even the government excursions into Congo were really more a question of its wanting to flush out UNITA rebels, who are holed up on the Congo side of the border, than support for President Laurent Kabila.

A return to open warfare could mean more years of fighting, analysts said. Neither side is deemed to have the military power to annihilate the other. Although there are some well-trained and well-equipped regiments in the Angolan Army, many soldiers are conscripts who have not been properly trained or paid. And the government faces the difficulty of fighting an elusive guerrilla force.

Angola won its independence from Portugal in 1975 and immediately plunged into a civil war, fueled by Cold War interests.

On one side was Mr. dos Santos's party, the Marxist Popular Movement for the Liberation of Angola, supported by Soviet and Cuban troops. On the other side was Jonas Savimbi's UNITA party, part anti-Communist movement and part personality cult, supported by the United States and South Africa.

A truce was achieved in 1992, and elections were held. But when Mr. dos Santos won, Mr. Savimbi returned to war. In 1994, facing likely defeat, he agreed to the Lusaka Protocol.

Correction

A report in Tuesday's editions on the first executions under Palestinian self-rule referred incorrectly to the human-rights group B'Tselem, which condemned the executions. It is Israeli, not Palestinian.

Lord Rothermere, Press Baron, Dies

By Sarah Lyall
New York Times Service

LONDON — Viscount Rothermere, 73, one of the last of Britain's great press barons, who helped transform the Daily Mail from a little money-losing paper to a highly successful tabloid aimed at a growing middle class, died on Tuesday at St. Thomas's Hospital in London.

He had a heart attack, according to Vyvyan Harnsworth, the director of corporate affairs for Daily Mail and General Holdings Ltd.

Born into a newspaper-owning family and a world of upper-class privilege, Lord Rothermere came late to his calling, taking control of the Daily Mail and General Trust, the parent company of the Mail and numerous other newspapers, from his ailing father in 1971.

It was then that he made the bold and risky decision to change the Mail from a broadsheet to a tabloid newspaper, going after young professional women readers and the country's conservative-minded middle class.

"He inspired the revolution in mid-market papers in

the past 20 years," Lord Hollick, group chief executive of United News and Media, the company that owns the Express newspaper, the Daily Mail's main competitor, told the Press Association on Wednesday.

"Lord Rothermere was the quintessential proprietor, passionate for his papers, robust in his views and commercially courageous."

In addition to the Daily Mail, the colorful and outspoken Viscount Rothermere was the proprietor of the Mail on Sunday, which he founded in 1982, the Evening Standard and a large group of regional newspapers around Britain, among other properties.

He was also an amateur poet and a student of Zen Buddhism who, when once asked what class he belonged to, answered "noblesman."

At the age of 71, he proudly announced: "I am a playboy."

With newspaper holdings estimated to be worth \$1.7 billion, Lord Rothermere was also one of a dying breed of rich, powerful newspaper proprietors who once ran most of London's newspapers as the jewels in their media empires.

But while the Aikens and the Astors and the Beaversbrooks sold their holdings, Lord Rothermere clung to his, explaining that he had the family pride to uphold.

"My wife can't understand why I'm still here and why it is so important for me to succeed," he told an employee once when his wife called to complain that it was midnight and he was still at the office. "It is even more difficult for me than for you, because you can get another job. I can never get another empire."

Born Vere Harold Esmond Harnsworth, the oldest son of the second Viscount Rothermere, Lord Rothermere had such an undistinguished time at Eton that college was considered too high a goal, and he joined the army.

Failing to become an officer, he served four years as a private. He later said that his humble military career gave him an understanding of the

common man that would prove invaluable later.

"When you're standing above a tree, you can only see the branches and the leaves, but when you're underneath the tree and you look up, you can see all the things inside the tree, and that's a very valuable experience," he said.

Mr. Harnsworth's father believed that aristocrats, once they had made their fortunes, should leave the management of their companies to hired workers. But when he described the glorious life his son could have as an officer in a high-class cavalry brigade, the youngster was not impressed.

"I listened to all this and I thought, 'How awful, how absolutely ghastly,'" he recalled. "I saw the prospect of endless boredom stretching before me."

"I never wanted to do anything but work in newspapers."

Finns Spot the Balloon

Agence France-Press

TURKU, Finland — A huge runaway Canadian weather balloon, which has stayed aloft for more than a week and disrupted trans-Atlantic air traffic, was spotted Wednesday over southwestern Finland, Finnish air controllers said.

The balloon was believed to have gone down in the Arctic on Monday, as no sightings had been reported. But air traffic controllers in Turkey observed the silver, helium-filled balloon shortly after sunrise Wednesday.

The balloon is reported to be travelling rapidly at a height of about two kilometers (1.25 miles). A Finnish Air Force jet was following the balloon's movements, officials said.

Turku air traffic controllers said the massive object did not currently pose a danger to air traffic.

The balloon, designed to measure ozone levels, began its errant escape Aug. 24, when its launch from a site near Saskatoon, Saskatchewan, went awry.

The balloon is 100 meters (330 feet) tall and has a surface area that would cover five football fields if stretched out.

Two Canadian CF-18 fighter pilots fired more than 1,000 machine gun rounds at the balloon over Newfoundland last week but failed to bring it down.

Hurricane Aiming At Florida Coast

The Associated Press

PANAMA CITY, Florida — Gulf Coast residents boarded up their homes and cleared out Wednesday as the tropical storm designated Earl became a hurricane with 80 mile-per-hour winds and veered east toward Florida.

Schools were closed in the Florida Panhandle. Hurricane warnings were posted from Pascagoula, Mississippi, to Florida's Big Bend, about 100 miles (160 kilometers) north of Tampa. Forecasters said it was likely that the hurricane's center would come ashore late Wednesday near Panama City, then cross southern Georgia into South Carolina.

TRAVEL UPDATE

Pilots' Strike Halts Air Canada Flights

TORONTO (AP) — Air Canada canceled all of its flights for Wednesday and Thursday after its 2,100 pilots went on strike, demanding higher pay and better working conditions. Any further flight cancellations will be made on a day-to-day basis, the company said.

Air Canada carries about 60,000 passengers daily, and many were stranded at airports around the world.

A rail line between Lhasa, Tibet, and Golmud, in the western Chinese province of Qinghai, can be completed for 13.92 billion yuan (\$1.68 billion), according to a feasibility study, the Xinhua press agency reported. (AP)

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe				Asia			
City	Today	Low	High	City	Today	Low	High
Algeria	27/20	18/14	27/20	Algeria	27/20	18/14	27/20
Amsterdam	19/15	10/05	19/15	Amsterdam	19/15	10/05	19/15
Antwerp	19/15	10/05	19/15	Antwerp	19/15	10/05	19/15
Athens	27/20	18/14	27/20	Athens	27/20	18/14	27/20
Birmingham	19/15	10/05	19/15	Birmingham	19/15	10/05	19/15
Bombay	32/24	24/16	32/24	Bombay	32/24	24/16	32/24
Buenos Aires	19/15	10/05	19/15	Buenos Aires	19/15	10/05	19/15
Calcutta	32/24	24/16	32/24	Calcutta	32/24	24/16	32/24
Cairo	27/20	18/14	27/20	Cairo	27/20	18/14	27/20
Chennai	32/24	24/16	32/24	Chennai	32/24	24/16	32/24
Colombo	32/24	24/16	32/24	Colombo	32/24	24/16	32/24
Dhaka	32/24	24/16	32/24	Dhaka	32/24	24/16	32/24
Delhi	32/24	24/16	32/24	Delhi	32/24	24/16	32/24
Disburg	19/15	10/05	19/15	Disburg	19/15	10/05	19/15
Frankfurt	19/15	10/05	19/15	Frankfurt	19/15	10/05	19/15
Geneva	19/15	10/05	19/15	Geneva	19/15	10/05	19/15
Hamburg	19/15	10/05	19/15	Hamburg	19/15	10/05	19/15
Heidelberg	19/15	10/05	19/15	Heidelberg	19/15	10/05	19/15
London	19/15	10/05	19/15	London	19/15	10/05	19/15
Los Angeles	19/15	10/05	19/15	Los Angeles	19/15	10/05	19/15
Madrid	19/15	10/05	19/15	Madrid	19/15	10/05	19/15
Moscow	19/15	10/05	19/15	Moscow	19/15	10/05	19/15
Munich	19/15	10/05	19/15	Munich	19/15	10/05	19/15
Nairobi	19/15	10/05	19/15	Nairobi	19/15	10/05	19/15
Paris	19/15	10/05	19/15	Paris	19/15	10/05	19/15
Rangoon	32/24	24/16	32/24	Rangoon	32/24	24/16	32/24
Rio de Janeiro	19/15	10/05	19/15	Rio de Janeiro	19/15	10/05	19/15
Sao Paulo	19/15	10/05	19/15	Sao Paulo	19/15	10/05	19/15
Shanghai	32/24	24/16	32/24	Shanghai	32/24	24/16	32/24
Singapore	32/24	24/16	32/24	Singapore	32/24	24/16	32/24
Taipei	32/24	24/16	32/24	Taipei	32/24	24/16	32/24
Tokyo	32/24	24/16	32/24	Tokyo	32/24	24/16	32/24
Yokohama	32/24	24/16	32/24	Yokohama	32/24	24/16	32/24

Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, snow, sleet, hail, fog, ice, etc.

Source: AccuWeather, Inc. ©1998 - http://www.accuweather.com

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THE AMERICAS

Judge Hints at Clinton Contempt Charge

By John F. Harris
Washington Post Service

WASHINGTON — The federal judge who presided over the Paula Jones sexual harassment lawsuit against President Bill Clinton has hinted that he might hold Mr. Clinton in contempt of court because of apparently misleading answers about his relationship with Monica Lewinsky.

Judge Susan Webber Wright of U.S. District Court said in a ruling issued Tuesday in Little Rock, Arkansas, that she had "concerns" Mr. Clinton might have deceived her, in light of his acknowledgment last month of an "inappropriate" relationship with Ms. Lewinsky.

In his Jan. 17 deposition, Mr. Clinton denied having had "sexual relations" or an "extramarital affair" with the one-time White House intern, and he professed not to remember whether he had ever been alone with her.

The impact that Judge Wright's new concerns could have on a case she dismissed in April remained murky. The usual legal recourse against people suspected of lying under oath is to prosecute them for perjury, not to hold them in contempt of court.

The independent counsel, Kenneth Starr, is already investigating whether Mr. Clinton committed perjury in the Jones case.

Judge Wright did not expand on her cryptic reference, buried in a footnote of her ruling, to a possibility that she

could hold Mr. Clinton in contempt, nor did she say how or when this possibility might be explored.

At a minimum, some experts suggested, the reference might be meant to signal her ire at having been misled in a deposition she supervised.

The order she handed down was in response to requests from news organizations and Mrs. Jones that Judge Wright reverse her earlier decision to keep most of the testimony under seal.

The judge in essence split the difference, agreeing to make public nearly in entirety transcripts of the depositions by Mrs. Jones, Mr. Clinton and an Arkansas trooper, Danny Ferguson, but rejecting requests that other depositions or the videotape of Mr. Clinton's testimony be released from her gag order.

The most striking thing she said, however, was in Footnote 5: "Although the Court has concerns about the nature of the president's... deposition testimony given his recent public statements, the court makes no findings at this time regarding whether the president may be in contempt."

Secret Testimony

Don Van Natta Jr. of The New York Times reported from Washington:

In a secret meeting with prosecutors last week, Monica Lewinsky answered additional questions under oath that were intended to highlight any discrepancies between her grand jury testimony and the

sworn testimony given by Mr. Clinton, two lawyers familiar with the inquiry said.

Afterward, prosecutors told the former White House intern that it was the last time she would be required to answer questions in connection with their investigation of the president, the lawyers said.

The two-hour meeting was held Aug. 26 at the offices of the independent counsel on Pennsylvania Avenue, just a few blocks from the White House. The questioning was recorded by a stenographer, possibly to be shared with grand jurors in the future.

Ms. Lewinsky appeared for the second time before the grand jury Aug. 20.

That same day, Linda Tripp, a former colleague of Ms. Lewinsky's who testified for eight days before the grand jury, also met with prosecutors at the independent counsel's office to answer follow-up questions, the lawyers said.

The prosecutors' behind-the-scenes, last-minute meetings with their two most important cooperating witnesses represent another sign that Mr. Starr is nearing completion of a widely expected report to be forwarded to the House of Representatives.

Two lawyers familiar with the inquiry said that the report most likely would be completed by the end of September. At that point the House Judiciary Committee will be obligated to consider whether impeachment proceedings are warranted.

In the question-and-answer session last week, Ms. Lewinsky was asked a series of specific questions about sexual encounters she had had with Mr. Clinton in the White House.

Her responses go directly to the heart of Mr. Clinton's television-link grand jury testimony Aug. 17 from the White House. The president said he had had "inappropriate intimate physical contact" with Ms. Lewinsky but he declined to be specific.

Mr. Clinton insisted that he had not lied in his deposition in the Paula Jones sexual misconduct lawsuit, the lawyers said. For that reason, prosecutors have asked Ms. Lewinsky very specific questions about her encounters with the president, the lawyers said.

Clinton Critic Is Self-Revealing

WASHINGTON — Representative Dan Burton, the Indiana Republican who is one of President Bill Clinton's harshest critics, has taken the unusual step of telling reporters that he and his wife have been separated three times during their 38-year marriage.

Mr. Burton was trying to preempt what he called a "scandal story" by a Vanity Fair writer, although the magazine has not even scheduled the article for publication. The chairman of the House Government Reform and Oversight Committee, which has been investigating Mr. Clinton's campaign fund-raising, also said at town meetings in Indiana on Monday that he believed Mr. Clinton's supporters had been spreading personal rumors about him in an attempt at intimidation.

Rahm Emanuel, a senior White House adviser, denied the charge. "We have our disagreements with Congressman Burton," he said. "But we never have and never will discuss or be involved in his private life." A Vanity Fair spokeswoman, Beth Kseniak, called the charge "totally ludicrous," saying, "There is no reason any Vanity Fair story would be orchestrated by the White House." (WP)

Republicans Will Stress Ethics

WASHINGTON — In the first indication that the Republican Party intends to make President Clinton's relationship with Monica Lewinsky a central campaign issue, the party introduced a multimillion-dollar advertising drive Tuesday in which a leading message will be ethics.

The advertisements, mostly on television, will be placed in selected congressional districts around the country. The theme of the first of them: "Honesty does matter."

Representative John Linder of Georgia, the chairman of the National Republican Congressional Committee, which is sponsoring the campaign with the Republican National Committee, said that while the commercials would probably not mention Mr. Clinton directly, many would focus on honesty and integrity in government.

Mr. Linder said that in the last two weeks, since Mr. Clinton acknowledged having had a relationship with Ms. Lewinsky, polls in several congressional districts have shown that issues like crime and education are being supplanted by ethics as a chief voter concern. (NYT)

You May Not Have Won a Prize

WASHINGTON — Lawmakers and law-enforcement officials have proposed a series of tough measures to reduce what they described as deception and fraud in the multi-billion-dollar sweepstakes industry.

The steps ranged from prohibiting envelopes designed to look like official government documents and strengthening civil and criminal penalties to requiring large-print disclosures on the face of every sweepstakes envelope specifying that it is a contest and that the recipient has not won automatically.

There are no estimates of how many people are victims of fraudulent sweepstakes operations or misled into making unnecessary purchases by legitimate contests. But witnesses before a subcommittee of the Senate Committee on Governmental Affairs described numerous instances in which people had been duped into believing they had won prizes.

Richard Barton, senior vice president of the Direct Marketing Association, which represents 3,700 direct-marketing companies, said that studies had shown that 11 percent of Americans bought products in response to sweepstakes promotions. (NYT)

Ickes Investigation Is Started by Reno

Independent Counsel Could Result

By Roberto Suro
Washington Post Service

WASHINGTON — Attorney General Janet Reno has taken the first step toward seeking an independent counsel to investigate whether Harold Ickes, a principal architect of President Bill Clinton's 1996 re-election campaign, lied to the Senate about political favors he performed to enlist support from the Teamsters union.

Ms. Reno notified a special panel of federal judges Tuesday that she had opened a 90-day preliminary investigation into allegations that Mr. Ickes perjured himself, charges lodged by the Senate Governmental Affairs Committee in its final report on campaign finance abuses in the 1996 election.

The White House deputy chief of staff from 1994 to 1997, Mr. Ickes served as chief liaison to the Clinton campaign and Democratic National Committee.

Because of his central role in the 1996 fund-raising operation, Justice Department officials said that any independent counsel investigation might broaden from a narrow perjury inquiry into a wider investigation of Democratic campaign practices.

"Ickes was such a central figure in the campaign that any investigation of him could carry you to the president and the vice president and many of the most controversial aspects of the fund-raising effort," a department official said.

Despite calls from congressional Republicans and some of her own top advisers, Ms. Reno has repeatedly refused to consider any independent counsel investigation of the campaign finance controversy.

But she has revived the long-dormant question in the last week by opening not only the Ickes inquiry but also a similar investigation into whether Vice President Al Gore made false statements to the Justice Department about the financing of a Democratic advertising blitz during the 1996 campaign.

At issue in the new investigations are sworn statements that Mr. Ickes gave to the Senate Governmental Affairs Committee last year in which he said that he did not know of any efforts by the Clinton administration to "assist" the Teamsters during a strike against Diamond Walnut Co.

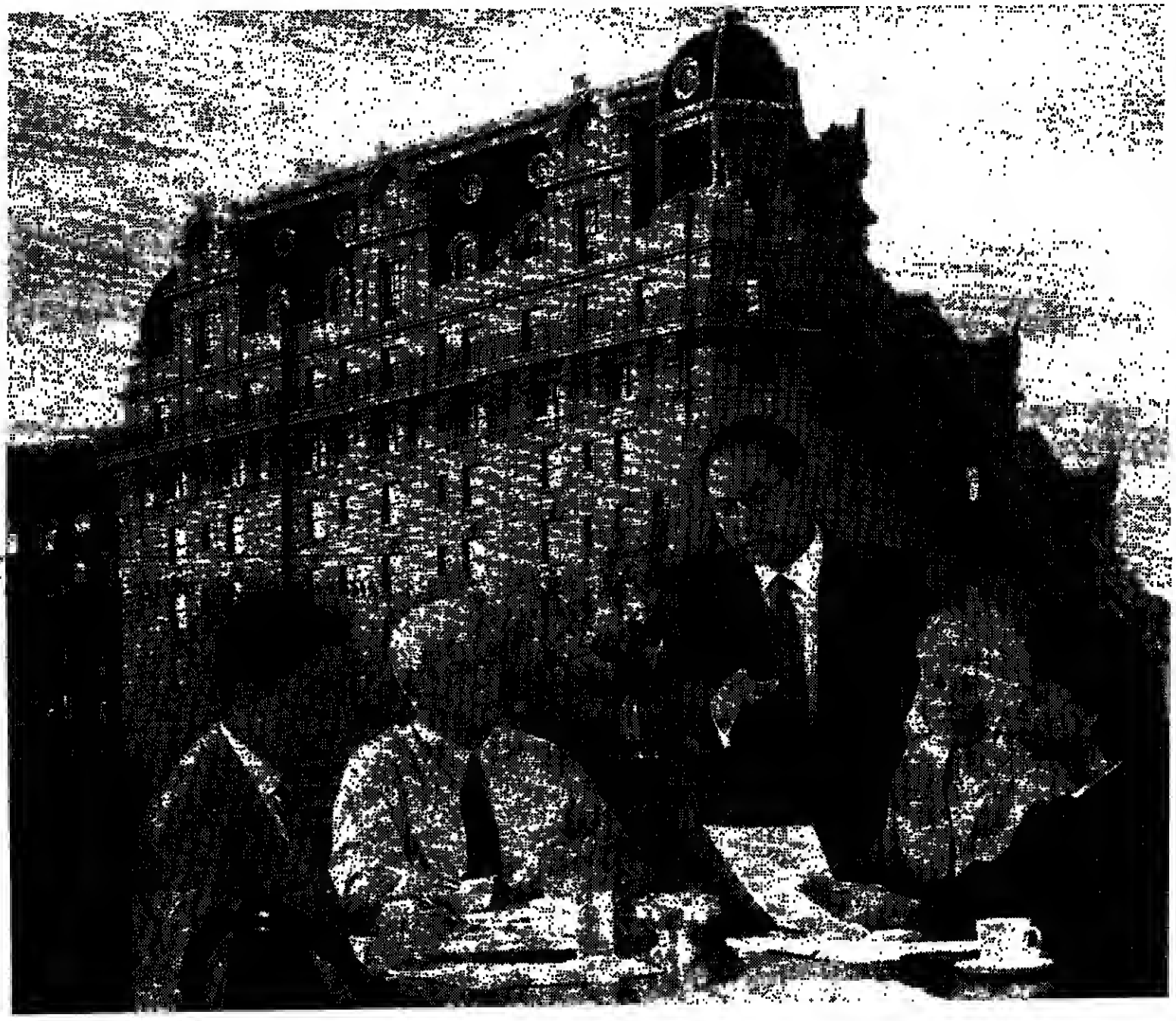
At the time of the strike, Mr. Ickes was helping coordinate a major effort by the White House and the Democratic National Committee to encourage active Teamsters support for Mr. Clinton's re-election.

Asked, during a Sept. 22, 1997, Senate deposition, what the administration did regarding the Diamond Walnut strike, Mr. Ickes responded, "Nothing that I know of."

The Republican majority on the committee concluded in its final report last March that both a memo from a top Teamsters official and testimony by an Ickes aide apparently contradicted his assertion.

Mr. Ickes, the report said, gave "less than candid testimony" because the other evidence showed that he had asked Mickey Kantor, then the U.S. trade representative, to intervene with Diamond Walnut executives so that they would settle their dispute with the Teamsters. Mr. Kantor made the phone call, an Ickes aide, Jennifer O'Connor, told the Senate panel.

Mr. Ickes did not return calls seeking comment.



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- ABU DHABI
- AL AIN
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- AMMAN
- BAHRAIN
- BEIRUT
- CAIRO
- DUBAI
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- JEDDAH
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- PETRA
- RIYADH
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- TEL AVIV
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- ABIDJAN
- CAPE TOWN
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- LIBREVILLE
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Away From Politics

• The Food and Drug Administration has approved the sale and marketing of a kit of emergency contraceptive pills that women can take the morning after unprotected sex to prevent pregnancy. The PREVEN kit will be available by prescription by the end of September, said Roderick Mackenzie, chairman of Gynetics Inc., the first company to obtain U.S. approval for such special packets. (AP)

• More than 150 Northern California mortuaries have agreed to pay a total of \$4.17 million to settle a class-action suit bought after it was discovered that a man hired by them as a pilot had failed to scanner the ashes of more than 5,000 people. The man killed himself after the remains were found in a locker in 1997. He had no flying license. (AP)

• A woman who ran from an abortion clinic in Brookline, Massachusetts, during a 1994 attack there in which two receptionists were killed has sued the clinic for "wrongful birth." Deborah Gaines, 31, claimed she was so traumatized she could not bring herself to obtain an abortion. She wants the clinic to help pay to raise the child, her fourth. (AP)

• Lightning started dozens of fires in Southern California that destroyed 39 homes, burned 34,000 acres and threatened an Indian casino and a napalm storage depot. (AP)

• A mother who allegedly starved herself and her two children, aged 7 and 9, for a month while awaiting the Holy Spirit was arrested for child abuse, the police in Palmdale, California, said. The children were hospitalized. (AP)

ASIA/PACIFIC

North Korea Assails Japan for Making Fuss

Tokyo Strikes Back With Economic Penalties For Missile That Crossed Honshu and Hit Sea

By Don Kirk
International Herald Tribune

SEOUL — North Korea gave the first public indication Wednesday of its role in test-firing an intermediate-range missile over Japanese territory, berating Japan "for making a fuss" about it.

The Korean Central News Agency did not admit that North Korea had fired the Taepo Dong-1 missile on Monday, but said it was "imprudent for Japan to say this or that, unaware of what the Democratic People's Republic of Korea did, a missile test or anything else."

Japan announced a series of tough countermeasures after the missile, with a range of 2,000 kilometers (1,250 miles), flew 1,390 kilometers in northern Japan before falling into the ocean.

Japan said it was cutting off air links with North Korea, would send no new food aid, was suspending efforts to hold normalization talks and was halting a contribution to build light-water nuclear power reactors in the North.

The North Korean commentary, monitored here, observed that "many countries around Japan possess or have deployed missiles," but it did not point to any country.

The missile-firing came as a shock to Israel, already worried by the export of North Korean Scud and Rodong missiles to Middle Eastern countries, including Iran, Syria and Libya.

The Israeli defense minister, Yitzhak Mordechai, after a 90-minute meeting with President Jiang Zemin of China, said "this capability is a dangerous development."

He cited two dangers — "one, that North Korea has this capability, and the other that it has ties and relations with countries like Iran and Syria."

Mr. Mordechai said he had asked President Jiang "that China refrain as much as possible from giving technological assistance to countries that are still hostile to us."

Mr. Jiang assured him, he said, that China "would not help Iran develop advanced technology that could be used to make unconventional weapons."

The South Korean semi-official Yonhap News Agency quoted a government source as saying that North Korea would be ready to export the missile by the year 2000 at a cost of \$6 million each.

South Korea's response has been carefully low-key.

The government permitted a freighter laden with a donation of 6,000 tons of grain from Chung Ju Yung, founder of the Hyundai group, to sail Wednesday for the North Korean port of Nampo.

The missile-firing was viewed as a display of the power of the North Korean leader, Kim Jong Il, as he prepares to assume the presidency on Sept. 9, a half-century after the creation of the North Korean government headed by his father, Kim Il Sung.

Rodoog Sinuon, the newspaper of the Korea Workers Party, described Kim Jong Il as "head of the party, army and state."

It was the first time that any North Korean organ had described Mr. Kim, secretary-general of the party and commander of the 1.5-million-man military, as head of state or government.

Congress Hints Aid Cuts
Barbara Crossette of The New York Times reported from the United Nations that U.S. congressional leaders, already angered at reports that North Korea may be building a new underground nuclear

weapons plant, responded to the firing of a new medium-range missile across Japan with threats to cut off all food aid and other assistance to the North Koreans.

"They fired a shot across Japan's bow and therefore across ours, too," said Senator Gordon Smith, Republican of Oregon, as the Senate moved to toughen the certification required of President Bill Clinton before money can be released for a nuclear energy program in return for pledges not to build weapons.

The United States is now the largest donor of food to the famine-plagued North Koreans.

An American delegation has been holding talks this week in New York on nuclear issues, including the intelligence reports of a possible new weapons factory, with North Korean diplomats.

The North Koreans failed to show up for the Tuesday meeting, saying they were awaiting new instructions from their government. Another meeting was scheduled for Wednesday.

American officials said the Korean diplomats were surprised and embarrassed by the missile test, indicating that they are far from the power loop in Pyongyang, the North Korean capital.

In New York, the leader of the North Korean delegation, Kim Gye Kwan, failed to attend a scheduled meeting with Representative Benjamin Gilman, Republican of New York, chairman of the House International Relations Committee.

This was the second time within a week that Mr. Kim agreed to meet with Mr. Gilman here but did not appear.

Mr. Gilman, speaking at a news conference at the United Nations Mission to the United Nations, said that the talks were at "a very critical juncture."

He had been briefed by the American delegation leader, Deputy Assistant Secretary of State Charles Kartman, but would not discuss details.

The North Koreans have complained that Congress is holding up millions of dollars in disbursements of contributions promised for the \$6 billion energy program supported by the United States, South Korea and Japan to rid North Korea of dangerous nuclear reactors.



An Indonesian soldier hitting a civilian during riots in the town of Gendong in Aceh Province.

Indonesia Army Returns to Aceh

In About-Face, Troops Are Deployed After 2 Days of Riots

By Mark Landler
New York Times Service

JAKARTA — After two days of riots and looting, the army on Wednesday halted its partial withdrawal from the province of Aceh.

The army dispatched several thousand soldiers to Lhokseumawe, an industrial city. Mobs looted Chinese-owned shops there Monday and Tuesday. Two persons were killed and at least 10 wounded when security forces fired into a rampaging crowd.

The about-face on garrisoning Aceh is embarrassing for the army, which had portrayed its withdrawal as a conciliatory gesture. Aceh, a province in northern Sumatra, has a strong separatist movement. Rather than applauding the withdrawing soldiers, the Acehnese pelted them with rocks.

On Wednesday, witnesses said a tense calm had been over Lhokseumawe, with no reports of violence. But the rest of Indonesia has been rattled by the riots there, because they were the most serious eruption of social unrest since the riots in May in Jakarta, which left 1,200 people dead and precipitated the resignation of President Suharto.

The chief of the armed forces, General Wiranto, announced he had ordered troops to return to Aceh after a cabinet meeting Wednesday.

Once again, Indonesia's powerful army is at the eye of the storm. In a report issued Wednesday in Jakarta, the National Commission on Human Rights accused the military of conducting a campaign of terror against the people of Aceh since 1989, when Mr. Suharto ordered combat units into the province to suppress the separatist movement.

"Military operations do not have to lead to human rights violations," said Marsuki Darusman, vice president of the commission. "This was a situation where people were terrorized and intimidated."

Last month, the commission opened mass graves in Aceh, which it said contained the remains of dozens of people killed by the army. The commission estimated that more than 750 people were killed by soldiers during the army's occupation of Aceh over the past nine years.

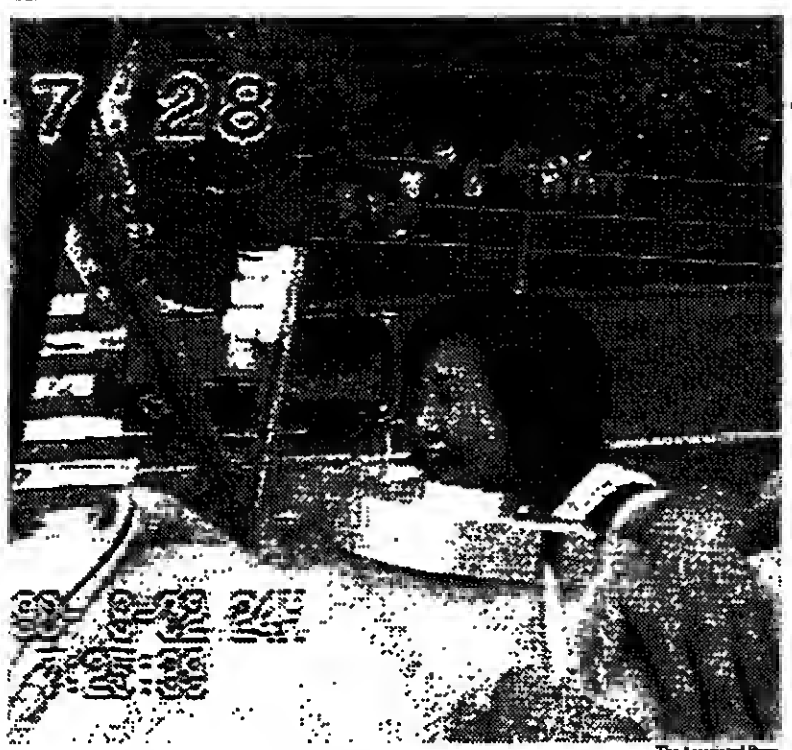
Some critics of the army have speculated that the army might have instigated the disorder in Aceh as a pretext to remain there. Witnesses said the worst of the violence broke out in Lhokseumawe on Tuesday, the day after the last convoy of 659 troops left the military headquarters. Although people threw stones at the soldiers, they saved their fury for Chinese-owned stores and restaurants.

Riots Spread to Another Aceh Town
Although the streets of Lhokseumawe were quiet Wednesday, rioting erupted in the nearby town of Idi, where mobs damaged a Chinese temple and looted stores and burned goods, The Associated Press reported.

Young people in school uniforms started the riot, and bystanders joined in, said Lieutenant Colonel Suminar of the police. There were no reports of casualties.

Japanese Watch Safety Test Fail

Yukino Kikuma, 26, an announcer for Japan's Fuji Television, shown in a live broadcast screaming and clinging to the frame of a fifth-floor window in Tokyo on Wednesday before she fell 13 meters into a net and broke a hip. She had been demonstrating on a morning television program special equipment — a rope and pulley — designed to let people descend safely from high places.



King Sihanouk Calls Talks

Cambodian Seeks to End Crisis Over Disputed Elections

Agence France-Presse

PHNOM PENH — King Norodom Sihanouk of Cambodia moved Wednesday to end a protracted political crisis over the July elections, proposing talks between electoral authorities and the three main political parties.

The proposal, which all sides were expected to accept, was made as an opposition protest against alleged vote fraud grew, after the Cambodian leader, Hun Sen, was officially declared the winner of the election. The protest has been under way since Aug. 23.

King Sihanouk suggested that the parties of Mr. Hun Sen, Prince Norodom Ranariddh and Sam Rainsy each send three representatives to meet with him for "working

group" talks. They would be joined by three members of the National Election Committee and three members of the highest appeals body, the Constitutional Council.

"I wish to inform my beloved children that I will be the chairman of a 'family meeting' in Siem Reap on Sept. 5, 6 and 7," the king said in a statement issued by the Royal Palace. The purpose, he said, would be "to discuss different issues that have created a great political crisis in our motherland."

Earlier Wednesday, more than 3,000 people marched on the Royal Palace to present petitions rejecting the election tally, which would give Mr. Hun Sen's party a parliamentary majority. A representative of the king accepted the petitions, which opposition leaders said contained more than 20,000 signatures.

allegations by the opposition that the National Election Council and the Constitutional Council had not properly investigated their allegations of widespread fraud in the elections July 27 and 28. The two bodies, both of which the opposition contends are biased toward Mr. Hun Sen's party, have rejected the allegations of vote fraud, mostly without investigation.

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U.S. Spy Satellites Will Now Serve Russians, Too

By Michael R. Gordon
New York Times Service

MOSCOW — During the Cold War, U.S. surveillance satellites in space watched for Soviet missile launches, a possible clue that the United States might soon come under nuclear attack.

Now that the nuclear standoff is over, the United States has found a new use for its warning systems — to alert Russia about missile launches around the world.

On Wednesday, President Bill Clinton and President Boris Yeltsin of Russia signed an accord under which the former antagonists would instantly share data about the launch of ballistic missiles and space payloads.

With Russia's economy deteriorating by the day and the Yeltsin government gripped by a political crisis, arms control no longer holds center stage.

The idea of using U.S. military technology to help the Russians plug the gaps in their early warning system recalls Ronald Reagan's heady dreams of a world in which the United States and the Russians would team up to develop "Star Wars" missile defense systems.

The new accord's objectives, of course, are not nearly as grand but they are still important. With the collapse of the Soviet Union, Washington has become increasingly worried that Russia's warning system is so frayed that Moscow might misinterpret data and mistakenly conclude that it was under attack.

The result could be an accidental nuclear war.

It is not an abstract concern. For a few tense moments in 1995, the Russian military misread data about the launch of a Norwegian scientific rocket as a possible submarine missile attack.

"The agreement provides further protection against an inadvertent nuclear exchange triggered by misidentification of a launch," said Robert Bell, a senior aide to the National Security Council.

North Korea's surprise test firing of a missile over Japanese territory Monday also underscored the potential of launches to unnervingly neighboring nations.

Certainly, the Russian early-warning system has many deficiencies. The government's cash crunch has forced Moscow to limit the deployment of warning satellites. Some ground-based radars are in ill-repair.

Others ended up on the wrong side of the border after the Soviet Union collapsed.

For example, a Russian radar station at Skrunda, Latvia, was closed Monday. Latvia had initially allowed the radar station to continue operating after the collapse of the Soviet Union in December 1991, but finally concluded that it no longer wanted to serve as a Russian military outpost.

Colonel General Vladimir Yakovlev, commander of Russia's strategic rocket forces, said the Skrunda station's shutdown would seriously strain Russia's

warning network.

Eventually, the military hopes to build a replacement station in Belarus.

However limited their data, the Russians would provide it to the United States under the new agreement.

The missile data accord was not the only measure intended to cope with the new dangers that have arisen following the Cold War.

On Wednesday, the two nations also signed an agreement calling for the disposal of weapons-grade plutonium. Under the pact, Russia and the United States would remove 50 tons of plutonium each from its stockpiles and dispose of it by using it as fuel in nuclear power reactors or mixing it with waste.

Most of the details have yet to be negotiated, including the pressing question of how to pay for the Russian reprocessing program to use the plutonium as reactor fuel.

A U.S. official said the program could take more than five years — an estimate that some observers regard as optimistic. Even so, the 50 tons of Russian plutonium to be disposed of is only a quarter of the estimated supply.

Still, U.S. officials say the accord establishes an important precedent: plutonium is not a resource to be hoarded, as the Russian nuclear establishment often argues, but is a grave danger.

It is the missile data agreement, however, that is the closest to being put into action. American officials said they hoped the system would be operational

in a year or two.

The United States now receives data about enemy missile launches from two sources — early warning satellites that detect heat from missile launches, and powerful radars in Greenland, Britain, Alaska and along the U.S. coasts.

That data is synthesized at military processing centers and transmitted to the Pentagon, military commanders and U.S. allies.

The new accord would add a recipient — the Russians.

The missile information could be transmitted directly to a Russian command post, such as the Center for Space and Military Simulations near Moscow. Or a U.S.-Russian joint command center might be established and the data sent there. That would enable the two sides to discuss the information, and provide a further check against misunderstanding.

For example, if Norway launched another scientific rocket, the Americans would quickly provide data on the origin and time of the launch, its trajectory and moment of expected impact. There would be no more tense moments when Russian commanders struggled to figure out if the launch was malevolent or benign.

U.S. launches would be included in the data dispatched to the Russians.

To supplement the system, the United States is also calling for a new international arrangement in which nations would provide advance notice of their missile launches.



Prime Minister Blair addressing Parliament Wednesday on terrorism.

A Sinn Fein Shift on Arms

IRA Wing Vows to Help Disarm Extremists

By Warren Hoge
New York Times Service

BELFAST — A day after declaring its commitment to end violence in Northern Ireland, Sinn Fein, the political wing of the Irish Republican Army, announced Wednesday that it would cooperate with efforts to disarm paramilitary groups.

Speaking on the eve of the visit here by President Bill Clinton, Gerry Adams, president of the party, appointed the chief negotiator, Martin McGuinness, to the independent international commission on disarmament set up in April by the peace settlement.

He coupled that with an assertion that "the issue of arms must be finally and satisfactorily settled."

While the IRA has adhered to a ceasefire for 14 months, it has resisted repeated calls from political leaders to indicate a willingness to destroy or surrender its tons of weapons and explosives concealed in bunkers throughout the Republic of Ireland.

Protestant opponents have seized on this refusal to challenge the right of Sinn Fein members elected to the new Northern Ireland Assembly to take up positions they are entitled to in the 10-member cabinet that will run the province.

The announcement Wednesday did not reverse the IRA's stance, but it significantly signaled an interest by the clandestine force in the creation of procedures for disarming, known here as "decommissioning."

It also added to the momentum stirred by Mr. Adams' statement Tuesday that "Sinn Fein believe the violence we have seen must be for all of us over a thing of the past, over, done with and gone."

Fearing that a fight over Sinn Fein's role in the new Assembly could imperil

the overall peace process, the British and Irish governments and the White House have been pressuring Mr. Adams to declare an end to "the war" and to agree to scrapping weapons.

More than 3,200 people have died as a result of violence by warring Roman Catholic and Protestant paramilitary groups over the last three decades.

A spokesman for the Ulster Unionists, welcomed both of Mr. Adams' statements, saying:

"This will obviously be welcomed and seen as another step in the right direction. They are obviously now reacting to the lobbying and pressure from the U.S. government and others."

David Trimble, the leader of the Ulster Unionists and First Minister of the Northern Ireland Assembly, has called on the leaders of eight parties, including Sinn Fein, to meet on Monday to plan procedures for the Sept. 14 opening of the body.

Though Mr. Trimble and Mr. Adams were both negotiators and signers of the settlement, the two have never spoken, at Mr. Trimble's insistence.

With the accommodating statements of the past two days and the presence in Belfast of Mr. Clinton, an active party to the Northern Ireland peace negotiations, there is a slim expectation that Mr. Trimble will use the occasion to end his snub of Mr. Adams.

But what would be a simple gesture in most societies constitutes one of great risk for Mr. Trimble, whose leadership of the Protestant community is still subject to challenges from hard-liners who accuse him of being weak.

Protestant leaders reacted positively to the early release from prison Tuesday of two Scots Guardsmen who had been serving a life sentence for killing an unarmed 18-year-old Catholic in Belfast in September 1992.

A Victim of Timing: Clinton's Message to Russians

By David Hoffman
Washington Post Service

MOSCOW — President Bill Clinton brought to beleaguered Russians this week an upbeat message about the rewards of the global economy, holding out free markets and democracy as a path to "a prosperous future" and to "opportunity and jobs," saying that "the future can be very, very bright."

But Mr. Clinton's optimism in a speech Tuesday, and his lecture about following the rules of the game "in commerce and law," was drowned out by the crisis that is engulfing Russia.

With the country's major markets for stocks and currency closed or nearly still, the country's democratic institutions threatening all-out war with each other and the government paralyzed in a leadership crisis, Mr. Clinton's advice was overwhelmed.

"Everything that the president said in this speech was theoretically correct," said Vladimir Averbuch, a member of the lower house of Parliament, the State Duma, from the centrist Yabloko bloc. "But at the same time, it is absolutely irrelevant."

"Today people are thinking about the fate of their money in the bank, they are thinking about how they will feed their family tomorrow, about what will happen to the exchange rate tomorrow, and what will happen with their jobs —

will the company be forced to close?" he said.

"People are thinking about today. They are desperately eager to find anyone in this country among Russian leaders who would at least give them a trustworthy answer. They want certainty."

"And this question cannot be asked in terms of 'market reforms,' or 'democracy' — it is not the language of the answer to this question."

It is not that people will react positively or negatively," Mr. Averbuch said, "but the tragedy is that, due to the policy of the last six or seven years, these words 'market democracy' have not become words that people use."

He noted that Mr. Clinton also called for Russia to follow the rule of law.

"The same day," he said, "a Russian citizen reads in the newspaper that a deputy finance minister was arrested for a bribe of \$1 million. What are you talking about?"

In his address to the Moscow University of International Relations, Mr. Clinton brought no new programs nor any new financial aid to Russia, beyond the recent commitment of the \$22.6 billion International Monetary Fund package. He acknowledged that Russians are now in the throes of a financial implosion, but he urged them to keep their chin up and remain on the course of recent years.

"You can build opportunity and jobs for all the people of this land who are willing to work for them," he said, "if you stand strong and complete — not run from, but complete the transformation you began seven years ago."

Mr. Clinton also lectured in favor of what he said were the lessons of the global economy: that people should pay their taxes and that the government

should protect investors, enforce the rule of law and avoid printing money to solve its problems.

These are the broad prescriptions that Mr. Clinton, other Western leaders and the IMF are urging Russia to follow even at this time of trouble.

So far, President Boris Yeltsin has not provided a clear answer about whether he will follow Western demands for austerity and discipline. Mr. Yeltsin promised to stick with reform overall but hinted at "tactical changes" toward more state control over the economy.

There is a broad political consensus over for printing more money, and the government has reportedly already begun bailing out banks. There is talk of more state control in the economy, including restrictions on currency and renationalizing some industry.

The stable ruble that was the hallmark of Mr. Yeltsin's economic policy

during the last three years is history. The central bank has admitted that it can no longer even set the outer bounds of the national currency.

Ever since Mr. Yeltsin allowed the value of the ruble to fall on Aug. 17, Russians have also felt the impact on the street and in their everyday lives.

Prices are beginning to shoot up, markets are being cleared by panic buyers of groceries and pay envelopes are worth less than they were a month ago. The spiral has preoccupied people who might have cheered Mr. Clinton's admonitions some other time.

The most-watched Russian television news broadcast Wednesday night started with a report on the weakening ruble exchange rate with the dollar. Then it shifted immediately to the crumbling financial condition of Russian banks.

Wednesday morning, a day after the Clinton speech, a leading pro-market newspaper, *Kommersant Daily*, did not put the president on the front page. Instead, there was a huge photograph of the Communist Party leader, Gennadi Zyuganov, and an unusually bold, black headline: "Zyuganov is ready for war" in his confrontation with Mr. Yeltsin over Viktor Chernomyrdin's return as prime minister.

The conflict has left the Russian government rudderless amid its worst financial crisis since the collapse of the Soviet Union in 1991.

Claes and 11 Others on Trial in Belgium

Compiled by Our Staff From Dispatches

BRUSSELS — Several prominent Socialists, including the former NATO chief Willy Claes, went on trial Wednesday, accused of accepting millions of dollars in bribes stemming from two defense contracts that Belgium awarded in the late 1980s.

Mr. Claes, 59, a former economics minister; Guy Coenen, 52, a former defense minister; Guy Spitaels, 67, a former deputy prime minister, and nine other defendants have denied the charges.

In 1995, the scandal forced Mr. Claes, who was economy minister at the time the bribes were allegedly paid, to resign from his post as secretary-general of the North Atlantic Treaty Organization.

Serge Dassault, 73, of Dassault Aviation SA of France, is also a defendant.

For the last two years, he had been resisting summonses to appear, denying any wrongdoing.

An international arrest warrant was issued, but it was withdrawn after France provided evidence that the prosecution had sought.

Sources said the French industrialist had been given assurances that he would not be arrested on arrival in Belgium and would only have to attend hearings relating to him directly.

Prosecutors charge that Agusta SPA of Italy paid bribes to obtain a contract in December 1988 for 46 helicopters for the Belgian Army.

They also assert that Dassault Aviation paid bribes to gain a contract in June 1989 to equip Belgian F-16 jets with new electronics.

The Flemish Socialists allegedly received 51 million francs from Agusta

and 60 million francs from Dassault. Their Francophone counterparts allegedly received 30 million francs from Dassault.

At the opening of the trial, the chief prosecutor, Eliane Liekefiedt, detailed the allegations against the defendants.

The session then bogged down in procedural bickering.

One of the defendants, Johan Delanghe, 53, a former aide to Mr. Claes, demanded that his lawyer be allowed to speak in Dutch, although French has been selected as the trial language.

The court reserved a decision. The case, which is expected to last several months, is of unprecedented scope in Belgium.

It comes nine months ahead of legislative elections and is expected to assume the tones of the "clean hands" corruption investigations that took a heavy toll on the Italian political establishment.

If they are found guilty, the defendants could face sentences ranging from fines to as much as three years in prison.

The 15-judge court is the only one in Belgium empowered to judge ministers for crimes committed in the exercise of official duties.

The sentences will be final with no chance for appeal. The long-running scandal has discredited the Belgian political establishment and led the downfall of several cabinet ministers, including Guy Coenen, who held the defense portfolio in the late 1980s.

It is also held responsible for the suicide of a former chief of staff of the Belgian Air Force, General Jacques LeFebvre.

The scandal came to light after the 1991 assassination of Andre Coole, a former deputy prime minister and power-broker in the Socialist Party of Wallonia.

What started out as a murder investigation uncovered extensive irregularities in party funding.

The chief prosecutor said there appeared to be a pattern of dates between when key phases of the contract went ahead and the alleged bribes were made. She said that Agusta and Dassault's competitors for the contracts had been passed over "in circumstances that were suspicious to say the least."

The prosecutor added that there had been telephone calls between Mr. Coenen's office and Mr. Dassault, who later denied any personal involvement in the contract. (AP, AFP)

French Citizenship Rules Eased

PARIS — New legislation easing the acquisition of French citizenship went into effect this week, replacing tough anti-immigration measures dating back to 1993.

The Socialist-backed law, enforced beginning Tuesday, enables all children born in France and having lived continuously in the country at least five years between the ages of 11 and 18 to gain French nationality. Children can request French nationality themselves after turning 16 or give their consent to a request by their parents made after they turn 13.

The deputy leader of the anti-immigrant National Front, Bruno Mégret, said, "It'll be easier now to become French than to buy a ticket to take the Metro."

hotel in Nice on Interpol arrest warrants from Turkey. The victims were his former wife, several businessmen and another leading crime boss. (AFP)

Italy Replies to Vatican Protest

VATICAN CITY — The Italian government delivered its diplomatic response Wednesday to an official protest by the Vatican over the case of a top cardinal investigated in a loan-sharking inquiry.

The Holy See lodged its protest last week after policemen searched the offices of the Archbishop of Naples, Cardinal Michele Giordano, as part of an investigation into loan sharking, extortion and criminal association in and around the southern port city. (Reuters)

France Asked to Extradite Turk

ANKARA — Turkey said Wednesday that it had sent an official to France with a formal request for the extradition of a man described as one of its top crime bosses.

The man, Alaattin Cakici, 45, wanted on suspicion of involvement in several murders, was arrested Aug. 17 at a

For the Record

Most of the defense lawyers and over half of the 138 accused at a trial involving alleged Islamic terrorist networks in Algeria boycotted proceedings Wednesday. They protested the conditions and venue of the trial, in a makeshift court in a gymnasium in Evry, outside Paris. (AFP)

Internet Child-Porn Raids

100 Suspects Are Arrested in 12 Countries

The Associated Press

LONDON — Policemen in 12 countries raided the homes of more than 100 people suspected of being pedophiles on Wednesday in what the authorities called one of the largest efforts ever to break an Internet child-pornography ring.

The police said they had singled out 180 suspects and arrested more than 100 of them in the raids, which took place in Australia, Austria, Belgium, Britain, Finland, France, Germany, Italy, Norway, Portugal, Sweden and the United States.

The British National Crime Squad coordinated the raids as part of a five-month investigation into the so-called Wonderland club, which the authorities said exchanged pornographic pictures of children as young as age 2 on the Internet.

The police said they had found a database containing more than 100,000 pornographic photographs of children and girls and confiscated computers and computer programs from dozens of suspects.

"I am unaware of another police operation that has ever pulled together so many law enforcement agencies worldwide to effect simultaneous raids and arrests," said Bob Pack-

ham, deputy director general of the National Crime Squad.

In Britain, 11 men were arrested in raids on 14 addresses, and 23 addresses were raided in the United States. One man was arrested in Sweden, and French policemen made four arrests after raids in Roubaix, Strasbourg, Toulouse and Lille.

The federal crime office in Wiesbaden, Germany, said investigators had made three arrests — in Stuttgart, near Kassel and in Freiburg.

The police said as many as 10 other countries were planning raids in connection with the ring.

John Stewardson, the superintendent of detectives who led the operation, said there had been abuse of children on a wide scale to produce the pornographic material.

"The content would turn the stomach of any right-minded person," he said.

The police said they would try to trace some of the children in the pictures.

The pornographic ring apparently originated in the United States, but the investigation was begun by the police in Sussex, England, who detected pedophiles downloading child pornography from the Internet, the authorities said.

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ACROSS

1 It may be staged

4 Get ready to drive

9 Precious instrument, for short

14 Bill's partner

15 Come alive (to)

16 Facility west of Schiller Park

17 Post-op stop, maybe: Abbr.

18 Cashier for air force heroes?

20 Printers' marks sometimes called obelisks

22 Thin plate

23 "Evita" role

24 Of the old school

27 Two-word airline name

28 Symbols of industry

30 "Pipe down"

31 Subway, e.g.: Abbr.

32 One that got away

34 Greek letters

35 Acetylsalicylic acid and cotton?

42 Uncovered?

43 Number two of eight

44 Not keep straight

48 Goldbrick

50 Ginsberg and Kerouac, e.g.

51 Concluded

52 Theatrical Thesp

54 Cereal no.

55 Sharp cheese

57 How many complaints are made

60 Snake charmer's prayer?

62 1985 movie "Izzy and"

64 They follow "Roll on!"

65 Crips in?

66 — rutshell

67 Racing vehicles

68 — a clue (Joan's know)

69 Inventor's —

Lungs

7 Plucked instrument

8 Aplace

9 Coin-tossing site

10 Hanley Ragata site

11 In a ruse fashion

12 Spheres for debates

13 Make potable, perhaps

19 Warfare

21 It may be lined with quartz

25 Time to vote

26 Renaissance name of fame

29 Med. country

29 Certain Balkan

23 One with lots to offer

25 Use a knife or fork

27 Sneakily

28 Unmoving

29 Collage

40 Not to mention

41 Some name — suffixes

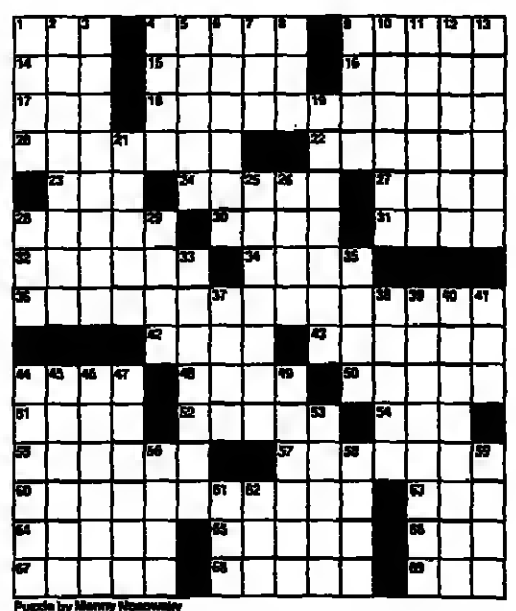
44 Gets the better of

45 Statement of belief

46 Updated model

47 Hoped (for)

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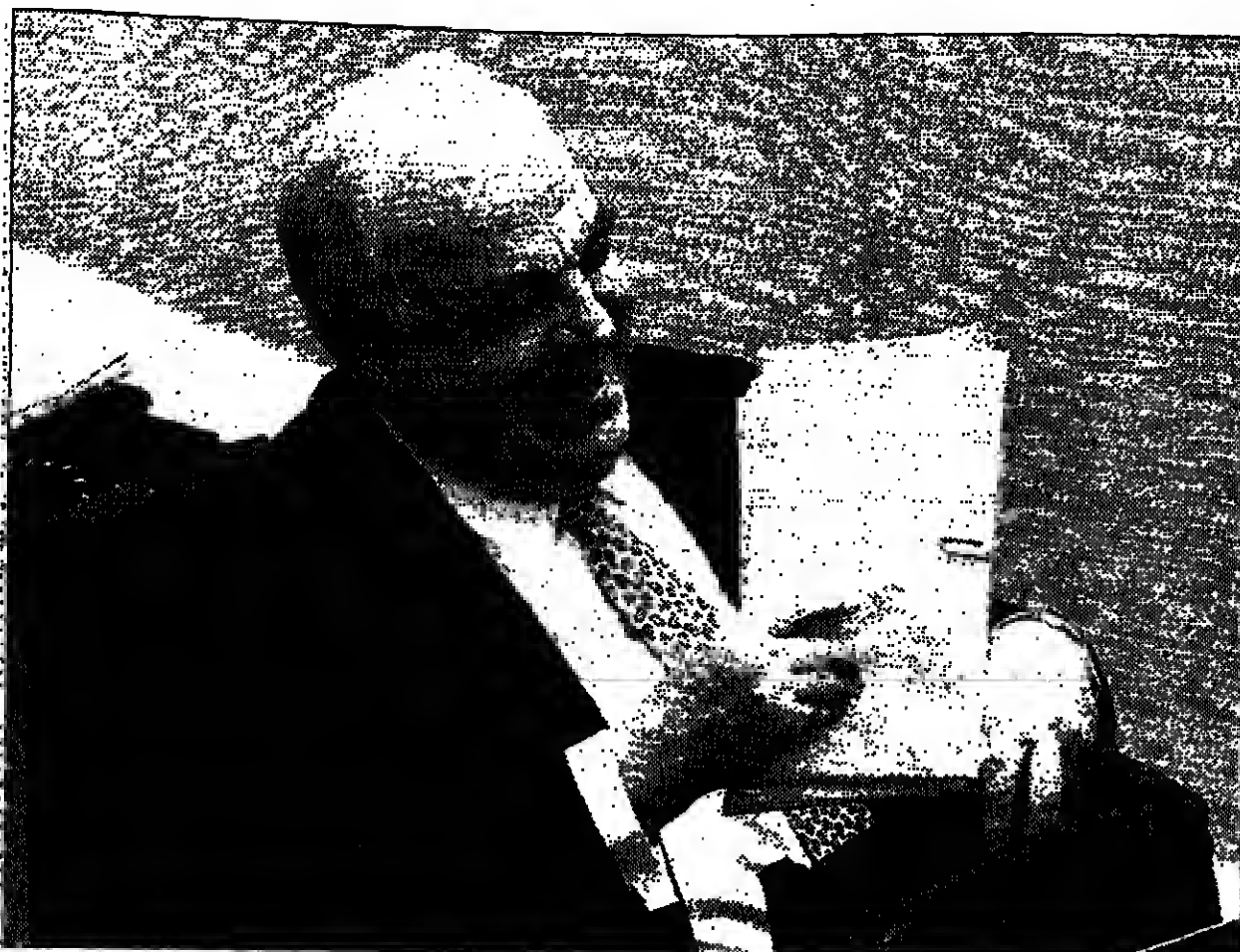
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INTERNATIONAL



Chancellor Kohl checking some papers during a parliamentary debate Wednesday in Bonn on the new budget.

Kohl Gambles on 'Anchor' Image

But Strong Backing of Yeltsin Could Backfire on Chancellor

By William Drozdiak
Washington Post Service

BERLIN — The smiling face of Europe's longest-serving leader peers out from ubiquitous campaign posters that proclaim "World Class for Germany." Publicity spots warn that the crisis in Moscow means every ballot in this month's national election could spell the difference between "risk and security."

With high unemployment and general fatigue with his 16 years in office turning public sentiment against him, Chancellor Helmut Kohl is now playing what aides call his ace in the hole by banking on his reputation as the Continent's most respected statesman in a bid to overtake his Social Democratic challenger, Gerhard Schröder.

Peter Hintze, general secretary for Mr. Kohl's Christian Democrats, said the turmoil in Russia, Kosovo and on world stock markets is emerging as a critical campaign issue that could turn the tide in the chancellor's favor ahead of the Sept. 27 vote. He predicts voters will switch to Mr. Kohl because he is perceived as "a stability anchor" in turbulent times.

But unlike 1990, when Mr. Kohl breezed to victory on the strength of achieving German reunification, some

analysts say they believe the current strategy emphasizing the chancellor's foreign policy record could backfire if voters regard his close friendship with President Boris Yeltsin of Russia as a liability rather than a strength.

The Social Democrats claim Mr. Kohl gambled badly in basing German interests on Mr. Yeltsin's political fate and refrained from any criticism of his "sauna buddy," even when he waged a disastrous war in Chechnya. They also say Mr. Kohl squandered \$42 billion in taxpayer money by offering state credit guarantees that may never be repaid because of Russia's freeze on repaying debts.

"Kohl is abusing the intelligence of voters by trying to exploit the crisis in Russia," said Franz Muentefering, campaign manager for the Social Democrats. "It's really an expression of his helplessness in this campaign."

Dieter Roth, director of the Mannheim polls research group, says that surveys suggest that while people may respect Mr. Kohl and still retain some residual security fears about Russia, they are dubious about the wisdom of pouring so much aid money into what appears to be a bankrupt economy.

"At this stage, only a military coup could arouse enough fear to have a decisive influence on the election cam-

paign," Mr. Roth said.

Nonetheless, Mr. Kohl's handlers are seeking to depict him in light of President Bill Clinton's troubles as the only world leader with sufficient grasp of history and power to steer Germany and Europe through such hazardous straits toward a new millennium. "He should be seen as a great crisis manager, whose counsel is sought by Yeltsin and Clinton," said Klaus Dreher, Mr. Kohl's biographer. "It's the only chance he has of salvaging the election."

Despite a packed campaign schedule, Mr. Kohl has consulted several times on the telephone over the past few days with Mr. Yeltsin, Mr. Clinton, Prime Minister Tony Blair of Britain and France's president, Jacques Chirac, according to chancellery officials.

Senior German officials said Mr. Kohl had joined other Western leaders in emphasizing continued support for market reforms. But Mr. Kohl also stressed in a speech this week that "it is the quality of reforms that counts, not the speed they are introduced."

A senior chancellery aide said that during their conversations, Mr. Kohl urged other leaders to show greater patience and understanding for Russia's difficulties and to be cognizant of its "inferiority complex" toward the West.

YELTSIN: Tycoon Says Publicly That President May Have to Go

Continued from Page 1

said. At the same time, he said, if there is such a "strong" figure in control, he could "tolerate the fact that the president cannot participate in the fast-moving events as he should do." Mr. Yeltsin's term expires in the year 2000.

Mr. Chernomyrdin did not explicitly say Mr. Chernomyrdin was his idea of "strong authority" but his remarks strongly suggested it. "During the five extremely difficult years of reforms, Chernomyrdin was forced to make a huge number of compromises and became a heavyweight," Mr. Berezhovsky said.

Mr. Yeltsin has reportedly suffered periodic illnesses that have caused disorientation and lethargy. Mr. Berezhovsky's comments seemed to suggest that the Russian president would be allowed to remain as a figurehead with a strong prime minister, but not without one. Mr. Berezhovsky added, however, that he envisioned a Yeltsin resignation within the bounds of the Russian Constitution, which says a president should step down if incapacitated and calls for new elections in three months.

Mr. Berezhovsky now serves as executive secretary of the Commonwealth of Independent States, a loosely tied group

of former Soviet republics including Russia. He was previously deputy secretary of the Kremlin security council, and is one of Russia's leading financial "oligarchs," a group of tycoons who have actively played a role in ruling the new Russia in recent years. Mr. Berezhovsky, with oil, airline, auto and media interests, is the most senior of the group of business magnates and has often served as an informal point man for them.

In a candid acknowledgment of the fears of many of the financiers, Mr. Berezhovsky said he would not enter a new Russian government because of fears of an anti-Semitic backlash. Many of the leading magnates in the oligarchy are Jewish.

Mr. Berezhovsky is believed to have maneuvered to persuade Mr. Yeltsin to fire Prime Minister Sergei Kiriyenko because the bankers feared Mr. Kiriyenko's government would not bail them out after the Aug. 17 devaluation of the ruble. Mr. Yeltsin fired Mr. Kiriyenko Aug. 23 and asked the Parliament to return Mr. Chernomyrdin to the post.

In the interview Wednesday, Mr. Berezhovsky said, "Kiriyenko's emergence was absolutely surprising to me, and I marked him as absolute nonsense from the start."

Russia's power vacuum persisted as the economic crisis showed no sign of abating. The Central Bank has set a ruble-dollar exchange rate that has exceeded the 9.5 rubles per dollar that was originally established to be the outer limit for December. The bank has basically put the currency into free fall and stopped trying to influence it. A new system of currency trading is expected to start in Moscow on Thursday using electronic networks.

Meanwhile, the International Monetary Fund has signaled that it may delay the next installment of a \$22.6 billion loan package to Russia. Stanley Fischer, the IMF's first deputy managing director, told CNN in an interview that the \$4.3 billion tranche might be put off. Russia had hoped to get it in mid-September.

"Given what we know now about the changes in the exchange rate, of course difficulties in the banking system, possible difficulties in the budget, it's clear that the Russians will have to do quite a lot before that money could be released," Mr. Fischer said, "and that means we have to consider the possibility that it will take longer than this month."

The opposition leaders, some of them likely presidential candidates, heard Mr. Clinton out but said he had not changed their minds about Mr. Yeltsin.

"I told him today the situation in Russia is catastrophic. The situation is worse than in 1917," Alexander Lebed said, referring to the revolution that brought the Communists to power.

"Now we have huge stockpiles of poorly guarded nuclear weapons," Mr. Lebed said.

Soon after the news conference, the Kremlin said Mr. Yeltsin had signed a decree keeping on his foreign, defense, interior, justice and emergency ministries, as well as his tax chief.

That action challenged the Communist Party, which is demanding 10 government posts, Mr. Yeltsin's resignation and the nomination of a prime minister who is more acceptable than the president's old ally, Mr. Chernomyrdin.

SUMMIT: Yeltsin Stresses Political Aid

Continued from Page 1

the rhetoric about the "brighter, better, stronger future" that Mr. Clinton foresaw in Russia did little to lift spirits on the streets, where the financial pain was worsening even as the presidents of the United States and Russia talked.

The ruble's official exchange rate climbed to 13 to the dollar, compared with 6.3 just two weeks ago, and the Central Bank announced the obvious: It cannot control the currency's fall.

At the same time, some importers halted shipments of food from the West because of the chaotic situation. Shoppers in some Moscow stores stocked up on necessities to hedge against price increases.

And a political poll showed that 36 percent of Moscow residents want Mr. Yeltsin to resign.

The summit meeting brought home the weakened political condition of both leaders, who have watched their authority diminish amid calls for resignation from lawmakers.

During their news conference, Mr. Clinton tried again to express regret for misleading the American public about his sexual relationship with Monica Lewinsky, a former White House intern. Mr. Yeltsin, meantime, surprised some in the hall by appearing to blank out during a question, only to give a cryptic answer and hurriedly call an end to the session.

Reuters reported from Moscow: In promising to support international financial aid to Russia if it pushed ahead with market reforms, Mr. Clinton said that reforms would be painful. But he added, Russia must refuse to bow to the Communist opposition and turn back the clock to Soviet-style central planning and printing money. "A country that rebuffed Napoleon

matter when he would prefer to be conducting diplomacy.

"I have acknowledged that I made a mistake, said that I regretted it, asked to be forgiven, spent a lot of very valuable time with my family in the last couple of weeks and said I was going back to work," Mr. Clinton said.

But that response left many in the White House press corps dissatisfied. At the next opportunity, Laurence McCullin of Reuters asked whether Mr. Clinton regretted the bitter tone of his Aug. 17 statement and felt he owed an apology to his family, his supporters and the American people.

Mr. Clinton tried to avoid the question by jokingly echoing a curt response by Mr. Yeltsin to a separate question about his prospects for forming a government out of the current political chaos in Moscow. But he then gave a longer answer.

"I think the question of the tone of the speech and people's reaction to it is really a function of — I can't comment on that," he said, as Mr. Yeltsin looked on bemused at the spectacle in the restored Catherine's Hall in the Kremlin.

"I read it the other day again, and I thought it was clear that I was expressing my profound regret to all who were hurt and to all who were involved, and my desire not to see any more people hurt by this process and caught up in it," Mr. Clinton continued.

Then, elaborating on his combative words toward Mr. Starr, the president said: "And I was commenting that it seemed to be something that most reasonable people would think had consumed a disproportionate amount of America's time, money and resources and attention, and now continued to involve more and more people. And that's what I tried to say."

Mr. Clinton's demeanor during the

More 1950s Nuclear Secrets Revealed

By Walter Pincus
and George Lardner Jr.
Washington Post Service

WASHINGTON — President Dwight D. Eisenhower authorized U.S. military commanders abroad in 1957 to order the use of nuclear weapons — if the president could not be reached — to retaliate against direct Soviet or Chinese attack, according to documents declassified recently.

The authority stipulated that U.S. commanders could use nuclear weapons whether or not Soviet or Chinese nuclear warheads had been used against U.S. forces.

But the retaliation could be targeted only at the attacking forces and could take place only with the permission of the country where the weapons would be used.

In no event, the documents stated, could nuclear weapons be used against the territory of the Soviet Union unless

the U.S. mainland had first come under attack.

The documents, made public this week by the Interagency Security Classification Appeals Panel, supplement a set of 1957 Eisenhower papers released in March that confirmed, for the first time, that U.S. military commanders had "pre-delegated" authority to use nuclear weapons if it proved impossible to communicate with the president.

William Burr of the National Security Archive, which sought declassification of the documents, said that the new papers showed that Mr. Eisenhower "sought to avoid giving excessive leeway to military commanders to prevent their precipitously initiating a devastating U.S.-Soviet nuclear exchange."

A 1964 memo from then-national security adviser, McGeorge Bundy, to President Lyndon Johnson reaffirmed the Eisenhower guidelines, including

"pre-delegation" to use nuclear weapons against direct air or sea attack.

Mr. Bundy wrote that Mr. Eisenhower's approach was in line with a belief that "when the destructive force of nuclear weapons would hit only military forces, the decision on their use was a very less serious matter."

The security classification appeals panel was set up by President Bill Clinton in an order to calling for declassify records over 25 years old.

In a report to Mr. Clinton, the appeals panel said it had ruled in favor of declassification of all or part of 81 out of the 96 documents reviewed. The reviews occurred when researchers such as Mr. Burr protested an agency's decision to keep records secret.

Roslyn Mazer, the panel's chairman, said that in implementing Mr. Clinton's order, "reflexive use of the old classification categories has been replaced by healthy skepticism."

RWANDA: UN Court Sets a Precedent With Genocide Conviction

Continued from Page 1

dismissed charges that Mr. Akayesu had violated the Geneva Conventions on the Treatment of War Victims, saying that prosecutors had failed to prove he was a military figure who could be held accountable under those treaties.

But the judges ruled that Mr. Akayesu, as mayor of the commune, was responsible for the killings of more than 2,000 people and the rapes of dozens of Tutsi women in Taba after April 19, 1994, even though police officers, soldiers and Hutu militiamen committed most of the crimes.

The UN Security Council established the tribunal in November 1994 to prosecute Rwandan officials for the slaughter of more than 500,000 Tutsi and moderate Hutu during three months of civil war in 1994.

The statute setting up the court allows prosecutors to charge defendants with violations of the 1948 Genocide Convention as well as with several international humanitarian "crimes against humanity." The court found Mr. Akayesu guilty of many of these crimes —

murder, torture and extermination.

Judge Kama said the evidence was overwhelming that Mr. Akayesu ordered the deaths of several Tutsi intellectuals in his commune as well as eight Tutsi from another town who had sought refuge in his office.

In addition, the judges found Mr. Akayesu guilty of inciting villagers to commit genocide in a speech in which he urged people to eliminate Tutsi civilians.

The judges said they also found the evidence convincing that Mr. Akayesu had overseen the torture of several Hutu residents in Taba in an effort to find out where Tutsi residents were hiding.

Nicolas Tiangaye, a lawyer for Mr. Akayesu, confirmed that his client would appeal the decision. "There are some points we can criticize," he said.

Throughout the 17-month trial and the testimony of 42 witnesses, the defense argued that Mr. Akayesu had at first tried to protect the Tutsi in his commune but found he was powerless to stop the Hutu militiamen, who, he argued, were not under his command.

Defense lawyers portrayed Mr. Akayesu as a victim of circumstances, a decent man who continued to try to save Tutsi until he was forced himself to flee in May 1994. Mr. Akayesu lost control of the town to Hutu killers and was made a scapegoat for massacres he could not prevent, his lawyers said.

But the judges accepted the prosecution's version. Mr. Prosper, the prosecutor, argued in court that Mr. Akayesu first resisted

calls to kill Tutsi neighbors, but two weeks later succumbed to pressure from hardliners in the Hutu government and, after April 19, wholeheartedly joined the effort to exterminate Tutsi civilians.

The judges also rejected defense arguments, often heard among Hutu apologists in Rwanda, that the massacres were a ugly but unavoidable consequence of the civil war being waged at the time between Tutsi rebels in the north of the country and the Hutu-dominated government and army.

The evidence proved conclusively that genocide had taken place, as defined under the 1948 convention, Judge Kama said. Government officials planned the killings in advance and oversaw them, the judges ruled, and the killers targeted innocent Tutsi civilians with an eye toward wiping out all Tutsi in the country.

"It is clear that the massacres that occurred in Rwanda in 1994 had a specific object, namely the extermination of the Tutsi," the judge said. "It was indeed genocide that was committed in Rwanda in 1994."

He tribunal, which has spent over \$100 million over since it was established in 1994, has just this year begun finishing trials.

In contrast, Rwandan courts have tried at least 330 people for genocide and have sentenced 116 to death, although foreign lawyers have said that the trials do not meet international standards of fairness. In April, Rwandan firing squads executed 22 people convicted of taking part in the massacres.

BRIEFLY

BURMA: Students Protesting

Continued from Page 1

"This government always believes in violence and the use of force to resolve problems," the Nobel Peace Prize laureate told journalists. "They never think of resolving problems through negotiations, through reasonable give and take."

The student demonstrations Wednesday were the biggest since 1996 and came after riot police broke up a smaller protest outside Yangon University on Aug. 25, arresting dozens of people, according to witnesses. Another protest was staged later that day at Yangon Institute of Technology, where rocks were thrown and riot police mobilized.

"One little thing can spark a big demonstration which gets out of control," said a diplomat. "This could escalate or it could simmer down. There is no clear indication at this stage, and there isn't likely to be because we can't get near the area to check."

A European diplomat saw the absence of firearms among the riot police as a positive sign. "If there were guns, I would be more worried, but I think this one will be resolved somehow for the time being."

Political tensions have risen since the opposition decided, after the government ignored earlier requests, that it would attempt to convene the Parliament elected in 1990. The opposition, led by the National League for Democracy, won the 1990 election by a landslide, but the military has refused to slide, but the military has refused to relinquish power. (AFP, AP)

Bomb in Cape Town Found to Fit Pattern

CAPE TOWN — The bomb that ripped through a Planet Hollywood restaurant here Aug. 25 resembled previous bombs aimed at police targets, authorities said Wednesday.

Experts have finished reconstructing the Planet Hollywood bomb, which killed one man and injured 27 people. A caller saying he represented an anti-American, anti-Israeli group took responsibility, but the Islamic group later repudiated the claim.

Cape Town and its surrounding slums have been subject to a wave of bombings, which authorities have linked to a Muslim group, People Against Gangsterism and Drugs.

One bomb went off Aug. 6 near police offices, killing a street vendor, and another near a local police station struck about a month before that, but caused no injuries. (AP)

Health Crisis Grows In East Sierra Leone

FREETOWN — Hunger and disease have killed at least 100 people, mostly children, in the rebel-held Kailahun district of Sierra Leone, health

officials in the eastern part of the country said Wednesday.

Authorities in Kenema, 240 kilometers (150 miles) east of Freetown, said the deaths from starvation and diarrhea had occurred over the last two weeks.

"It would not be surprising to learn that children are dying every day in Kailahun," said Dominic Ngombu, an official in the area. "The rebels are inhuman to allow people to suffer like that." (AFP)

Population to Hit 6 Billion in 1999

WASHINGTON — Despite the spread of birth control, the world's population will go on growing by about 80 million a year well into the next decade, the UN Population Fund predicted in a report Wednesday.

It said the population might grow as much in the next 50 years as it has in the last 50, possibly even more.

In 1950, there were 2.5 billion people. The State of World Population report projects there will be 6 billion by mid-1999 and between 7.7 billion and 11.1 billion by 2050.

"On June 16 next year we will mark the Day of 6 Billion," an official said at a news conference. (AP)

Herald INTERNATIONAL Tribune

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Ups and Downs

Time for a Rethink

The Dow Jones average, which on Monday suffered its second-largest point drop, witnessed its second-largest point gain on Tuesday. The analysts who so wisely explained the bear market on Monday were able just as wisely to explain the re-emergence of the bulls on Tuesday. It should give all of us pause when they purport to tell us what the market will do tomorrow.

That Tuesday's gain did not begin to erase the losses of recent weeks is not so terrible, although all those who have seen their net worth shrink may be forgiven for feeling differently. It has been no secret to any investor that, by many traditional measures, the U.S. stock market has been overvalued. But the recent "correction," to use that soothing Wall Street euphemism, and the market's overall volatility are legitimately unsettling nonetheless.

President Bill Clinton and Treasury Secretary Robert Rubin have attempted to reassure investors by arguing that the "fundamentals" of the U.S. economy are sound. There is much evidence to support what they say. But one year ago they were making the same argument about the "fundamentals" in South Korea and elsewhere in Asia, about economies that have since plunged into severe recession or depression. The truth is that what happens in the stock market can influence the "fundamentals" if consumers begin to lose confidence in the economy.

Investors are unsettled in part due to a sense that some of the world's economic problems seem beyond any obvious solution. Neither Indonesia nor Russia is big enough, in economic terms, for its collapse to pose a major threat to the U.S. or European economies. But it is ominous that the world's economic doctor of last resort, the International Monetary Fund, has

delivered its strongest medicine to both Indonesia and Russia, only to watch both fall deeper into trouble.

Also unsettling is the absence of strong leadership in the world's two biggest economies, Japan and the United States. Japan is a wealthy country which, due in large part to political paralysis, cannot claw its way out of recession. Although a succession of leaders there have promised strong action, none so far, including current Prime Minister Keizo Obuchi, has provided much reason to believe that Japan's decline will not continue for some time.

In the United States, Mr. Rubin and Federal Reserve Chairman Alan Greenspan have established track records of reassuring solidity. But Mr. Clinton is weakened and distracted by scandal, and his credibility is less than it has ever been. Thus, too, can have an effect.

The latest international downs and ups and downs will accelerate debate on specific policy measures — the need for Congress to approve new funds for the IMF, for example, or for the Fed to lower interest rates. These are important issues.

But beyond these instant questions, the United States also should initiate an international, high-level, thoughtful review of questions underlying this crisis. These would include the efficacy of IMF rescue measures; the issue of controls on short-term capital movements across borders; the assertion that global capital flows have sparked or could spark a race to the bottom in labor standards, environmental regulation and taxation of capital; the most effective and humane way to liberalize an economy; and more. By joining these issues in a serious way, the Clinton administration could provide a welcome reaffirmation of its ability to provide leadership at a shaky time.

—THE WASHINGTON POST.

Get Growing Again

The American stock market bounced back on Tuesday, encouraging investors around the world and reducing the pressure on central bankers to lower interest rates. Perhaps markets will now pause to see just how far Asia's economic woes will spread.

Until this summer, most investors had been willing to act as if the American economy would continue to boom along, despite growing problems that have plunged most of Asia into recession. Now many think that it will be difficult for the world's leading economies to avoid slowing. "It is only a question of time," warned Neal M. Soss, the chief U.S. economist for Credit Suisse First Boston, "before even the mighty U.S. economy catches cold."

That said, the evidence of illness in America is so far limited. There are signs that banks are less willing to lend than they were, and manufacturers are seeing a slowing of orders. But American consumers have continued to spend, and overall economic activity has not fallen off a cliff.

That economic strength was cited by some analysts on Tuesday as evidence that American stocks had fallen too far, and those arguments helped the market recover. But an irony of the current situation is that the apparent health of the American economy may end up hurting the world. That is because the Federal Reserve is charged by law with

focusing on the U.S. economy, with the rest of the world a secondary priority.

Yet what is happening is that much of the world is being starved of capital as investors who only recently were all too eager to invest in emerging markets are now fleeing those markets. Central banks in those countries have raised interest rates in a futile attempt to bring capital back, only to see the high rates further depress the local economy.

As Robert J. Barbra, chief economist for Hoenig & Co., said this week, "a global central bank would drive interest rates sharply lower in response to these obvious deflationary forces." But there is no such bank. The closest thing available would be concerted action by the Federal Reserve and the major European central banks. Calmer markets make that less likely.

One Asian country, Malaysia, took matters into its own hands on Tuesday by announcing stringent capital controls — hoping to stabilize the value of Malaysia's currency while allowing local interest rates to fall and stimulating local business activity. Such a move, however, will make foreign investment even less likely, and runs the risk of encouraging corruption, since it will be up to the government to decide which people, or companies, can move their money out of the country.

But it is an understandable move in the current situation, and only serves to heighten the need for international action to get the world growing again.

—THE NEW YORK TIMES.

Other Comment

Clinton Like Churchill?

Could this be Bill Clinton's finest hour, rather than 1940 was Winston Churchill's? It seems unlikely, but the old saying that "the hour produces the man" might just work again in the present crisis. Certainly this is Mr. Clinton's first great chance to prove that he has real leadership qualities; his great chance, too, of course, to save his presidency. At a crisis of this order, only an American president can act.

People forget how Churchill was denied until the Nazi challenge came to his rescue. Without Hitler, Churchill would be remembered, if remembered at all, as a somewhat sleazy, amoral politician without judgment.

If the new threat from Russia were military, Mr. Clinton would clearly be out of his element. But it is not military. It is a crisis in confidence in the short-term stability of the economic system.

My guess is that he will not fail, if only because the hour produces the man, and there is no other man, at this turn of history, for it to choose.

—Peregrine Worsthorne, writing in *The Daily Telegraph* (London).

Chaos rules, except when order is imposed upon it by brute (and often quite stupid) force. It is the sheriff who keeps the peace, not the scholar. It was murderous and overwhelming might that stopped Hitler.

Confronted with the reality of a Russia that is a kleptocracy and that for years has been running increasingly out of the control of a president who is only technically not dead, the Clinton administration has chosen to see progress in what is something closer to a free fall toward anarchy. But falls stop, reality intrudes, history is made.

—Michael Kelly, writing in *The Washington Post*.

Russians Need Time for the Reforms That Count

By William Pfaff

PARIS — Bill Clinton and Boris Yeltsin's summit conversations in Moscow this week rested on the pretense that Russia has until now actually been on a course of real reform.

Mr. Clinton warned Mr. Yeltsin against faltering on that course, just as the IMF's Michel Camdessus had a few days earlier warned the acting prime minister, Viktor Chernomyrdin. In response, Mr. Chernomyrdin and Mr. Yeltsin reaffirmed their commitment to the economic programs pressed upon Russia by Washington and the institutions of the international community.

There actually has been, is or (under current circumstances) will be little true reform in Russia even if Mr. Chernomyrdin, with the support of the "businessman" Boris Berezovsky, becomes prime minister, an eventuality by no means to be counted upon.

The aim of Western-advocated reform has always been to lock Russia into the globalized economy. Russia's need now is to be unlocked, so as to spare it more foreign shocks and to prevent Russian financial collapse from doing further damage to other economies.

The downside of globalization is only now receiving the attention of politicians and economists.

The United States and the international community have during the past eight years urged the Russians to dismantle government, sell off the nation's assets and abandon regulation. Giving

such advice, the foreign advisers have had to pretend that a civil society exists in Russia capable of taking over the direction of a free economy.

Alternatively — the more likely explanation — these advisers were culpably ignorant of the fact that there was no such civil society, as any historian of modern Russia could have told them. Such civil society as did exist among the fragile and doomed merchant and professional classes of czarist Russia in 1917 was exterminated under communism. Its re-creation under the chaotic conditions of contemporary Russia is the work of at least a generation.

Western advisers also pretended to believe that privatization would cause a market in shares and merchandise to spring spontaneously into existence, despite Russia's 80-year experience of command economy, the absence in Russia of any experience of markets, and the country's lack of intermediary economic institutions and structures of commercial law and contract.

Alternatively, the advisers were guilty of applying to a living society the untested ideological hypothesis that such a social transformation could be forced into existence.

The economic model that foreign reformers offered Russia was designed to invite foreign investment at serious cost

to the Russian public, postulating that the arrival of that investment, together with increased commerce with the outside world, could itself impose a modern economy on the country. This was another ideology-based experiment.

The Yeltsin government listened to all this advice, and pretended to take it. The international community pretended to believe that the Russians were reforming. During the last two weeks this edifice of pretense has collapsed. The result is that market capitalism is morally discredited in Russia, undoubtedly for many years to come.

Yet Russia desperately needs reform. It needs the rule of law, banks that are not money-launderers, manufacturing plants that pay wages to workers who produce goods, peasants who are paid for their crops. What it does not need is to "privatize" still more of its economy into the hands of oligarchs who are little more than asset-strippers.

Russia needs regulation, not more deregulation. It needs the kind of regulation of commerce, standards and labor imposed in America during Theodore Roosevelt's presidency and later under the second Roosevelt's New Deal. It needs reformed government — energetic and uncorrupt bureaucracies to build and maintain infrastructure, regulate financial markets and protect consumers.

But none of these appear to be the kind of reforms talked about during

this week's Clinton-Yeltsin summit. Some economists in the West still talk about Russia's new "businessmen" as the equivalent of 19th century American "robber barons." But Andrew Carnegie created the American steel industry. John D. Rockefeller established the American oil industry. The Vanderbilts, Huntingtons and Harrimans built and consolidated great railroads. They enriched themselves while doing so, and ruined others, but left their fortunes to philanthropy.

What has Boris Berezovsky built in Russia? What have these "businessmen" done for Russia, other than appropriate its wealth? But Mr. Berezovsky is perhaps the most important figure in the current "reform" coalition. He financed Mr. Yeltsin's last presidential campaign, and backs Mr. Chernomyrdin today.

The Communists' leader, Gennadi Zyuganov, addressed himself on Monday to "businessmen, entrepreneurs and the nascent bourgeoisie" of Russia. He said: "Your predecessors, in the first 15 years of this century, were unable to share power and property. In the West they understood the need to share 200 years ago. Those who didn't share either had their crowns or their heads removed. Now you are acting exactly the same way."

It was a justified warning. *International Herald Tribune, Los Angeles Times Syndicate*

Russia Has to Stop Rejecting Open and Fair Competition

By Jim Hoagland

WASHINGTON — Asked what he thought of Western civilization, Mahatma Gandhi said it sounded like a good idea and should be tried sometime. So it is with Russian capitalism.

The political and financial upheaval that greeted Bill Clinton in Moscow this week represents the death throes of a hybrid national economic system that has prevailed, and failed, in Russia since 1991.

This system is undergoing piecemeal destruction as painful as it is necessary. Following in the footsteps of Asian nations hit by a similar calamity a year ago, Russia demonstrates the perils of trying to skim off the cream of the globalized economy without adopting checks and controls to restrain human appetites and ambitions. Lacking in Russia and Asia was an appreciation of the open and fair competition needed to police capitalism and to make it work.

The fundamental problem in Russia, Indonesia, Malaysia

and elsewhere was not that they went too far in adopting American-style capitalism, as ideologues have begun to claim. These nations did not go far enough. They sought comfortable halfway approaches that quickly proved unsustainable.

These societies must now choose from three courses of action: go backward by sealing themselves off from international capital markets and free trade; balance where they are and muddle through; or accept the responsibilities and limitations that advanced capitalism brings, as well as its gratifications, by immersing themselves more fully in global markets. The sealing and muddling options are dead ends.

Russia's immediate turmoil is the product of the unforgiving forces of globalization and the country's divided and inept political leadership. The crisis cannot be blamed on inherent flaws in capitalism, or on a Western failure to provide

sufficient help and advice to Russia's government.

Since its 1991 revolution, Russia has not developed a risk-based, entrepreneurial market economy, and its institutions, so as to allocate rewards and pain through the efficiency of the marketplace.

Boris Yeltsin, Viktor Chernomyrdin, the Communists led by Gennadi Zyuganov and even the youthful reformers, who brought in the financial aid from abroad that kept the world's first nuclear-armed cash flow problem afloat until now, never fully committed themselves to that model of modern capitalism.

At crunch time, the Yeltsins always stopped short, intent on protecting the robber barons at the top of the heap from the scrutiny and regulation that a well-run market economy requires, or fearful of the severe dislocation for the public that a full privatization of services and goods would bring.

What may have been Mr. Yeltsin's last flinch came this summer, as plunging oil prices, the lack of a functioning tax collection system and investor flight emptied the national treasury and forced a humiliating devaluation of the ruble.

Pressed as well to overhaul the tottering banking system and bankrupt the leading oligarchs who backed his reelection in 1996, the Russian president fired the reformers and brought back Mr. Chernomyrdin as prime minister.

The ineptness Mr. Yeltsin has shown in inflicting pain on the public while protecting tycoons has undermined his chances of staying in office until the end of his term in 2000.

Mr. Chernomyrdin must now negotiate a transitional political arrangement with the Duma that will include Mr. Yeltsin's orderly departure, a yielding of significant presidential powers to the Duma, and simultaneous presidential and parliamentary elections in the near future. Those are all

necessary steps before Western financial aid can resume and a new generation of politicians, economists and entrepreneurs can emerge to tackle Russia's enormous problems.

But this time outside help must be more focused on strengthening the rule of law and an authentic free market system in Russia. The country's only chance to generate sufficient revenues to ease the painful economic transition ahead lies in its oil and natural gas industries, which need significant foreign investment to become a global force.

Mr. Yeltsin's government has always refused to open the oil and gas sector on commercially viable terms to foreign firms. That was the telling, and vital, flinch in Moscow's refusal to come to terms with global markets. Balancing on the brink of disaster, Moscow must now accept substantial foreign ownership in this sensitive area and show the world that it finally gets capitalism.

The Washington Post.

A Retreat From Market Capitalism in Southeast Asia?

By Philip Bowring

HONG KONG — The most worrying aspect of East Asia today is not the economic crisis but the irrational actions that the crisis is engendering. The dismissal of Malaysian Deputy Prime Minister Anwar Ibrahim, after the resignation of the central bank governor, is the latest in a series of actions that show the Southeast Asian world to be turning upside down.

Mr. Anwar, an intellectual Muslim critic of the extremes of capitalism, has been ousted for opposing the decision of Prime Minister Mahathir bin Mohamad, hitherto a proponent of

acquisitive capitalism, to impose exchange controls on a long-open economy.

Meanwhile, Hong Kong, supposed bastion of the free market, has been throwing huge amounts of public money at the stock market and inveighing against the "speculation" on which it has long boasted to have expertise.

This has happened just as Thailand and South Korea were beginning to see light at the end of the tunnel; currencies have stabilized and interest rates

have declined. Even Indonesia was trying to get to grips with reality. Now Malaysia and Hong Kong have cast a new shadow over the region.

Their actions may signal a retreat from Western-style market capitalism by two economies that have been notably successful practitioners of it.

Malaysia's imposition of draconian exchange controls is not merely using a sledgehammer to crack a nut. It strikes at the heart of 100 years of Malaysian economic history.

If the controls were merely to reduce the impact of short-term money flows, there would be wider support for them. Huge surges of money into and out of Asian economies have been (as I have often argued) a major factor in the 1992-1998 boom/bust cycle. But these measures go far beyond what is needed to dampen money flows.

If they were essential to bring down interest rates, they might have partial justification. IMF prescriptions and high interest rates are a threat to Asia. But the controls have been introduced before Malaysia's already announced policy of lowering interest rates had time to work, and after interest rates in South Korea and Thailand had plummeted.

Malaysia's moves are a long-term blow to the local equities market, as well as to foreign participation in the Malaysian economy.

Malaysia is not some Latin American country which discovered stock markets and a liberal approach to foreign capital in recent years. A free currency and an active equity market have been central to the country's social and economic development for decades.

In 1996, Malaysian equity market capitalization was the highest in the world, at more than 300 percent of GDP.

The stock market has been key to Malaysia's ethnic redistribution of wealth for 25 years — it was the mechanism by which foreign plantations passed to local hands, and state enterprises were acquired by new indigenous entrepreneurs.

In colonial times, share issues in London and Singapore played a key role in the development of resources and commerce. Kuala Lumpur enthusiastically developed these

markets after independence and the break with Singapore.

Malaysia's actions are a huge setback to ASEAN integration, which has thrived on free flows of capital around the region, and puts question marks over the future of Malaysia's economic relations generally. Few countries have historically been as open to foreign capital or thrived more on it.

Mr. Mahathir's actions were seen as an unneighborly act by Singapore, already smarting from Malaysia's ban last week on its shares being traded there and from a variety of cross-causality irritants.

The rush of blood to the head of the Malaysian leadership could too easily unleash all kinds of historic and ethnic grievances that have been in hiding for a generation. These are far more dangerous to the region's health than a few more months of wobbling currencies and severe recession.

Mr. Mahathir's actions were no more amazing than those of Hong Kong last week. The enormity of official intervention, carried out by bureaucrats unanswerable (unlike Mr. Mahathir) to voters, has only begun to sink in. Share market support operations in two days cost the government the equivalent of half of its annual budget, or three years' worth of spending on education.

The intervention was applauded by those whose personal wealth was vastly increased by government buying of their companies' shares. But the so-called war on speculators financed a huge outflow of foreign capital as the government stood in the market buying all available Hang Seng index stocks.

The intervention was contrary to all theory and past practice of governance in Hong Kong. It undermined the avowed intention of defending the peg to the U.S. dollar — that requires higher interest rates and lower asset prices, both of which would be damaging to some major local business interests.

In Hong Kong as in Malaysia, foreigners and speculators become targets for rhetorical attack and a cover for policy changes aimed at protecting specific local interests rather than the economy as a whole.

From a short-term political standpoint that may be understandable. But the long-term policies of ill-conceived policies hatched in panic or rage is a bigger threat to regional peace and prosperity than market forces, however wild.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Undignified Golf

ST. ANDREWS, Scotland — "The best part of golf," I heard a member say the other day, "is that one does enjoy one's pipe and whiskey after it." And yet, sad to relate, this fascinating game, with its innocent enjoyments, has its critics. The colonel, for instance, who has played golf since he was a baby, is anything but jubilant: "There is no longer any dignity in the game since women and children have taken to it. There used to be a positive solemnity in following the ball in tall hats, but this has disappeared since golf has become democratized and opened up wholesale to women."

1923: Russian Data

PARIS — The French Ministry of Commerce and Industry issues periodically a review of the statistical and other data that appear in the Soviet publications.

The latest issue of the "Bulletin" contains a mass of information which serves to show that Russia is beginning to resume the economic activities that were impaired by the war and paralyzed by the revolution. Whatever may be the political tendencies of the present rulers, they have realized that the country had to return to business conditions or perish.

1948: Irate Truman

WASHINGTON — President Truman denounced today [Sept. 2] as a "lie out of whole cloth" any suggestion that he has protected any disloyal persons in the government. The House Un-American Activities Committee has accused the White House of hampering its inquiry into alleged Communist spying. Mr. Truman repeated his previous statement that the Congressional hearings constituted a "red herring."

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OPINION/LETTERS

Use, Not Proliferation,
Is the Nuclear Danger

By Robert A. Levine

SANTA MONICA, California — It is time to face the fact that the world is failing in its attempts to control nuclear proliferation. We must now shift our main focus to the much more crucial objective of preventing the actual use of nuclear weapons. A retooled deterrence strategy like the one that helped prevent nuclear war for nearly half a century can make a major contribution.

The Indian and Pakistani nuclear tests, renewed Iraqi intransigence on inspections and the possibility that North Korea has continued its weapons building efforts all make clear that, while elaborate anti-proliferation treaties may have slowed nuclear spread a bit, they have not stopped it. It is unlikely that they will.

Why should we, the world community, care about proliferation? Perhaps we should not. It should distress the impoverished peoples of states whose resources are being diverted toward weapons building, but the mere fact that these states have nuclear weapons should concern nobody else.

The use of these weapons in war, however, would be of immense concern. Nuclear weapons have not been used in anger since 1945. For more than half a century, no one has crossed the crucial "firebreak" preventing nuclear war from going nuclear.

That it remain uncrossed is a universal vital interest, because the breaching of that firebreak by anyone, on any scale, could lead to a much larger conflagration.

Focusing on the use of nuclear weapons, on their first use, since that is where the line is crossed — calls for a new strategy based in part on the old strategy of deterrence.

Deterrence requires a threat. Old deterrence was based on the U.S. threat to inflict unacceptable damage on the Soviet Union in response to nuclear (and some nonnuclear) transgressions, and on the mirror-image Soviet threat.

The nuclear forces of America's British and French allies contributed to the U.S. effort, but they were not essential, nor would they be for the new deterrence.

Ironically, the cooperation of Russia is now crucial. So is at least tacit Chinese agreement. Both Russia and China, now or later, will have the potential to escalate an

unequal confrontation with a minor "first user" into a dangerous face-off between major powers.

How would the new deterrence work? It should start with exemplary no-first-use pledges by the major nuclear states, a goal long sought by anti-nuclear activists.

But the pledges are the easy part. What about the threat? The major powers — the five permanent members of the UN Security Council — should threaten to punish any first user of nuclear weapons, militarily and nonmilitarily.

Implementing that threat would probably not itself require nuclear weapons. The major nuclear powers have the capability to inflict severe punishment without using these weapons, although no first-use pledges would not preclude "second use" as a backup.

Would the major, or "detering," powers have the will to implement this? The only real answer is: Maybe yes, maybe no. Certainty can never exist.

U.S. nuclear retaliation against a Soviet invasion of Western Europe during the Cold War, for example, was far from certain. That uncertainty worried U.S. allies, but even the imperfect threat far overbalanced any Soviet temptation. That is what is to be hoped for now.

It might not work in all cases: maybe not against an Israel using a nuclear weapon as a last resort against being overwhelmed; maybe not against a nation retaliating for the use of other weapons of mass destruction, biological or chemical. But an strategy can provide an absolute guarantee, not can the nuclear genie be put back in the bottle.

Deterrence by the major powers, however, could bring about a major reduction in the likelihood of first use. The demonstration that nuclear weapons are near useless to those who merely possess them could become the true barrier against proliferation.

At least we should turn our attention to the true objective: preventing nuclear combat.

The writer, a senior economist emeritus at the Rand Corporation, is the author of "Uniform Deterrence of Nuclear First Use." He contributed this column to the International Herald Tribune.

Sex and the Political Animal:
Do We Really Have to Know?

By Maureen Dowd

WASHINGTON — I was loitering at home Tuesday morning, watching Howie Mandel, a television talk show host, ask Rosie O'Donnell, another talk show host who was his guest, about her summer vacation.

Suddenly the program was interrupted for a special news report. Had something happened to President Bill Clinton? Was

MEANWHILE

Russia no more? Had Monica and her mother signed a \$10 million book deal?

No, the newscaster Peter Jennings had broken in for a live report on the opening of the New York Stock Exchange. He somehow managed to miss the opening bell and lose his remote feed from the trading floor. But he conveyed the import of the moment.

America's twin obsessions, money and sex, were captured most hilariously Monday when CNN put a little stock ticker to the left of Trent Lott as he chastised Bill Clinton for diminishing the presidency. It was impossible to focus on the Senate majority leader's moral umbrage with the Dow plummeting 110 points right next to his helmet head.

I was not concerned about the market. I had already sold my paltry cache of stock to buy summer dresses. I thought I would wear the dresses to parties. But there are no parties. Washington is twitching through what is universally deemed the sexiest scandal in its history. People here are too busy mimicking around in others' private lives to enjoy their own.

By the time I got to work the market was healing. But something really, really scary had happened: The Associated Press wire was running a story about Dan Burton's sex life.

Dan Burton's sex life. Just when you thought this scandal had hit rock bottom, the bottom got rockier. Thank you, Ken Starr, for wiring up Linda Tripp and for creating a nation of Peeping Toms, for dragging us Americans down to the point where we have to hear the sex secrets of crepuscular Republican swamp life.

Representative Burton, of Indiana, was trying to preempt any damaging personal revelations in an upcoming Vanity Fair magazine profile by confessing rough times in his marriage.

"If something comes out... that you think Danny shouldn't have done," Danny said, "I will own up to it."

In Mr. Starr's eagerness to get something, anything, on Bill Clinton to justify his overwrought investigation, the prosecutor has opened a sewer of TMI — Too Much Information.

Clintonites have long threatened a bedroom doomsday strategy.

Salma, an on-line magazine sympathizer to the White House, suggested why the House speaker, Newt Gingrich, has been restrained about the Monica Lewinsky matter.

"Gingrich, lest we forget, has a closet full of sexual misconduct," it wrote.

I read to think what's next. Dick Arme's sex life? TMI. Phil Gramm's sex life? Way TMI.



It is remarkable, in a capital with such a lush history of sex, that a president might have to leave office for covering up an affair.

For decades the rules of politics were very simple. As the Democratic strategist Raymond Strotter summed it up: "If a politician stayed on his bar stool, he wasn't drunk. And if he didn't get caught, he wasn't cheating on his wife."

But for several years before Mr. Clinton came to town, it was clear that a galloway had gone up along the Potomac. With journalists willing to report more, with women coming into power more, the old libertine rules were vitiated.

In 1989, former Senator John Tower's nomination to be defense secretary went down amid opprobrium about his skirt chasing and hard drinking, even though he promised to give up alcohol, and even though some senators came in the floor to

vite against him with liquor on their breath.

Everyone realized then, as one Republican consultant put it, that hypocrisy was going to be punished with more hypocrisy. John White, a former Democratic official, lamented that "there used to be better ways to get a guy besides putting his personal mores through the meat grinder."

Allen Drury, the author of "Advise and Consent," mocked the new morality to me: "One must tell all and promise all and be a good, good, good boy and promise to be a good, good, good boy forever after."

Bill Clinton knew the rules had drastically changed. He promised to be a good, good boy. But he wasn't. It was a dangerous game. He lost and so did we. Even if the president escapes the galloway on the Potomac, we will be the world capital of TMI for seasons to come.

The New York Times.

LETTERS TO THE EDITOR

Russia's Problems

Regarding "Look at What's Happening in Russia Under Reform" (Opinion, Aug. 21) by Stephen F. Cohen:

I applaud Mr. Cohen for his perceptive analysis of the disaster in Russia that has been masquerading as "reform."

As a frequent visitor to and sometimes temporary resident in the country of the former Soviet Union, I am appalled by what seems a failure to grasp the basics of Russian social and political forces — not to mention history — by international money leaders, by the United States and other governments and by economists around the world.

Mr. Cohen is absolutely correct in pointing out that the current crisis, which is being blamed on a host of converging events, has far deeper roots.

When the "door" to the Soviet Union began to open under Mikhail Gorbachev, it became clear that the country was bankrupt. It should have been equally clear that Russia could not possibly manage a conversion to a free market economy in this decade, if ever.

Now the real tragedy, as Mr. Cohen points out, is that the Russian people must undergo social and political upheaval. It's not hard to understand the problems in Russia — just go and live with a Russian family for a month.

That the Clinton administration continues to prop up Boris Yeltsin says everything about Washington's failure to formulate a sensible Russian policy. Mr. Yeltsin needs to go before the debacle worsens.

Not only Russians but citizens of Ukraine and Belarus are also caught in this limbo, unable to go forward or back. Of course in Belarus President Alexander Lukashenko has sought the path of total state control and is well on his way to becoming a Stalin look-alike.

I would take Mr. Cohen's analysis one step further and say that there is not enough money in the entire free world to truly "fix" Russia's problems.

I suggest that Western governments consider those problems as unfixable by cash infusion.

These governments should begin looking at the roots of the problems and stop trying to apply Band-Aid cash fixes to a situation that is not amenable to such measures.

EVERETT K. MINCEY
Langley, British Columbia

U.S. and the Mideast

Regarding "Get the America-Hater, Dead or Alive" (Opinion, Aug. 25) by L. Paul Bremer 3d:

Mr. Bremer details what the United States should do to fight terrorism. What he does not address is the cause of anti-U.S. terrorism and how it might be eliminated or at least mitigated. The root of most Arab hatred of the United States is America's treatment of Arab countries compared with its treatment of Israel.

The United States looks the other way while Israel builds nuclear weapons — not the case with Iran or Pakistan. In the United Nations, America always sides with Israel, in some cases alone against all the other member states.

If the United States had a more balanced and impartial Middle East policy, terrorism against America might diminish.

EDMUND LAZAR
Lorgues, France

BOOKS

JACOB'S LADDER
A Story of Virginia During the War

By Donald McCaig. 525 pages. \$25.95. W.W. Norton & Co.

Reviewed by Christopher Lehmann-Haupt

At the opening of Donald McCaig's captivating Civil War novel, "Jacob's Ladder," a young woman is ringing doorbells on a hot August day in Richmond, Virginia. She is looking for former slaves who have agreed to be interviewed for President Franklin Roosevelt's Works Progress Administration.

At the door of 376 Clay Street, the young woman is greeted by a servant, "elderly, black, hunched," wearing a faded bonnet.

"Are you Marguerite?" the young woman asks. "No, I ain't I'se Kizzy. Miss Marguerite inside." Inside, never tea, Miss Marguerite turns out to be ancient, the size of a 10-year-old child, with yellowish-gray skin, "like medieval parchment."

When the young woman asks her if Kizzy has been with her family long, Marguerite replies: "Patience, child. As you grow older, you will appreciate its merits. After my son finished Harvard, he went West. Los Angeles. I intended him to stay in Richmond with the bank, but try and tell him anything. My grandson Joshua does something with the Los Angeles Water Authority. What do you know about water authorities?"

Can this be a former slave speaking? Yes, it can, and thereby hangs a fascinating tale of course.

It is a tale whose roots McCaig discovered while researching county records for his nonfiction book about settling in Virginia, "An American Homeplace." As he explains in his acknowledgments at the end of "Jacob's Ladder," he came across an "evocative court

case" describing a young couple, Alexander and Sallie Kirkpatrick, who were convicted for harboring Jesse, a runaway slave belonging to Samuel Gatewood, a neighboring plantation owner.

Borrowing the names of these principals, McCaig has invented characters for them, as well as a constellation of individuals around them to represent key points of view in Virginia's experience of the Civil War.

Most significantly, McCaig imagines why Jesse, treated so liberally by the Gatewoods that he has learned to read and write, became determined to run away. The reason is that Gatewood's son, Duncan, has fallen in love and conceived a child with his mother's personal servant, Midge, an unusually clever and attractive young woman. This upsets Duncan's father that he forces Midge to marry Jesse, who lives her as much as Duncan does.

But when Duncan comes home for the Christmas holidays from Virginia Military Institute, he continues to be smitten with Midge and begs that their child be reared "as his in the house." Buried, his father decides to turn Midge and the baby over to the local slave trader, Jesse. In despair, goes on the run.

It is not giving too much away to reveal that Midge grows up to be Marguerite, the old lady who proceeds to narrate for the young Works Progress Administration interviewer both the foregoing events and McCaig's version of the Civil War.

Although Marguerite's all-knowingness takes a little getting used to, her account catches you up so completely that you have no trouble at all keeping at least a dozen characters straight and following some six intertwining narratives. Of course some are more absorbing than others, but what makes them all work well is the elliptical way McCaig jumps in and out of the story, sometimes merely hinting at what is about to hap-

pen, at other times picking up the thread after a significant occurrence.

This combined with the striking realism of the dialogue and historical detail creates a paradoxically simultaneous distance and immediacy, as if we were looking at the distant past through a powerful telescope. In his acknowledgments, the author confesses to having gleaned his material from memoirs, diaries and letters.

Yet it is his novelist's imagination that enlivens his harrowing battle scenes, his damning portrait of Alexander Kirkpatrick, one of the most unpleasant intellectuals since Lieutenant Tom Keefe in "The Caine Mutiny," and a glorious set piece in which a group of black soldiers react to a newspaper transcript of Lincoln's Gettysburg Address. ("Jesse, are we 'the people'?" "Not yet.")

One challenge to McCaig was understanding what the South had fought for, which "as a liberal, reared in the North," had always puzzled him so much that his first working title was "The Worst Cause."

But after settling on a farm in Virginia he came to feel something that made him better understand the cause. Whatever that something is, he manages to convey both the sweetness of antebellum plantation life and the horror of its peculiar institution.

So he ended up with the title "Jacob's Ladder," which refers all at once to Jacob's vision of God in Genesis, to the spiritual "We Are Climbing Jacob's Ladder," sung by black troops around a campfire in the novel, and, presumably, to the obstacles that Marguerite's baby, whom she names Jacob, faces in life.

How he climbs his particular ladder is never precisely answered in the story. But you are always aware of the question, and its presence serves as yet another element enriching this deceptively resonant and layered saga.

New York Times Service

BRIDGE

By Alan Truscott

THE World Championships in Lille, France, may have been the biggest ever. It had a full schedule of events: open teams, open pairs, women's teams, women's pairs and mixed pairs, plus events for seniors and juniors.

Players expect to meet some surprising bidding systems and in face entirely new situations. In the 1997 championships, a Danish pair were playing the Albaross Club, a strong club system with a small twist. One club could also mean a hand with 9 to 11 points, and in that case, the opener would pass a negative response of 1 diamond.

This accounts for the bid-

ding shown in the diagram. East-West were the Polish stars Cezary Balicki and Adam Zmudzinski, and when

NORTH		EAST	
♠ 543		♠ Q1087	
♥ 8632		♥ A7	
♦ Q8654		♦ A753	
		♦ K93	
SOUTH (D)		WEST	
♠ A39		♠ K62	
♥ Q34		♥ 1095	
♦ 1084		♦ K96	
♣ A10		♣ A10	

Neither side was vulnerable. The bidding:

South: 1♣, 2♦, 3♦, 4♦, 5♦, 6♦, 7♦, 8♦, 9♦, 10♦, 11♦, 12♦, 13♦, 14♦, 15♦, 16♦, 17♦, 18♦, 19♦, 20♦, 21♦, 22♦, 23♦, 24♦, 25♦, 26♦, 27♦, 28♦, 29♦, 30♦, 31♦, 32♦, 33♦, 34♦, 35♦, 36♦, 37♦, 38♦, 39♦, 40♦, 41♦, 42♦, 43♦, 44♦, 45♦, 46♦, 47♦, 48♦, 49♦, 50♦, 51♦, 52♦, 53♦, 54♦, 55♦, 56♦, 57♦, 58♦, 59♦, 60♦, 61♦, 62♦, 63♦, 64♦, 65♦, 66♦, 67♦, 68♦, 69♦, 70♦, 71♦, 72♦, 73♦, 74♦, 75♦, 76♦, 77♦, 78♦, 79♦, 80♦, 81♦, 82♦, 83♦, 84♦, 85♦, 86♦, 87♦, 88♦, 89♦, 90♦, 91♦, 92♦, 93♦, 94♦, 95♦, 96♦, 97♦, 98♦, 99♦, 100♦.

their opponents came to rest in one diamond, they started doubling. North's redouble showed a desire to play somewhere else, and Lange Schaeffer, for Denmark, had to struggle in one heart doubled.

The defense began by leading three rounds of trumps, and South won the third round. He had to guess how to attack clubs, and he did the right thing by playing a low one. West took the club ace and drew the last trump, putting pressure on South. He gave up a diamond, and the defense took the king and ace of diamonds. The position is shown at right.

East shifted to a spade, and South finessed the nine. West won with the king and cashed two diamond winners. South was able to throw a

club, and had to score two tricks at the finish in the black suits.

South escaped for down four, a Pyrrhic victory that cost his team eight Imps. In the replay, East-West played in three no-trump and did well to make 11 tricks.

NORTH		EAST	
♠ 543		♠ Q1087	
♥ 8632		♥ A7	
♦ Q8654		♦ A753	
		♦ K93	
SOUTH		WEST	
♠ A39		♠ K62	
♥ Q34		♥ 1095	
♦ 1084		♦ K96	
♣ A10		♣ A10	

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INTERNATIONAL

Congo Foes Face Off at Summit

KINSHASA, Congo — The major combatants in the Congo faced each other at the Nonaligned Movement summit meeting Wednesday in South Africa as rebels said they were moving south into President Laurent Kabila's tribal stronghold.

Mr. Kabila's presence at the 113-nation conference in Durban alongside leaders of his military allies Zimbabwe, Angola and Namibia raised the prospect of all parties to the month-old rebellion finally getting down to negotiations.

But, even before the talking started, President Sam Nujoma of Namibia set the tone, insisting that the meeting back the pro-Kabila military support.

"We will leave only when the job is done to the satisfaction of the govern-

ment of the Congo," Mr. Nujoma said. "I trust that this summit will endorse this position."

Mr. Kabila, who ousted Mobutu Sese Seko in May 1997 after a seven-month bush war backed by Uganda and Rwanda, accuses his former allies of fomenting the rebellion.

Both countries, whose presidents are also at the Durban meeting, deny the charges.

But both have troops stationed in the east of the former Zaire and both warn that they might become involved to protect their national security.

Previous attempts to convene peace talks have ended in acrimony, with President Robert Mugabe of Zimbabwe accusing the leading dove in the region, President Nelson Mandela of South

Africa, of siding with the rebels.

Mr. Mandela is the host of the Non-aligned Movement summit meeting.

The UN secretary-general, Kofi Annan, backed by a Security Council resolution, is trying to get peace talks started and prevent the conflict from igniting the region.

The rebels control the area along the Congo's eastern borders with Uganda, Rwanda and Burundi and have captured the strategic central city of Kisangani, where they claim to have found evidence of mass murders by government troops.

The rebels also claim to hold the Lake Tanganyika town of Kalemie, roughly halfway between Kisangani and Mr. Kabila's tribal stronghold of Lubumbashi in mineral-rich Katanga Province.



Congolese fisherman watching British soldiers Wednesday on a beach in Brazzaville, where they are stationed.

U.S. Officials Defend Sudan Attack

By Tim Weiner
New York Times Service

WASHINGTON — The secretary of defense, William Cohen, and the director of central intelligence, George Tenet, told 42 senators at a classified briefing that the United States had strong evidence to justify its attack on a pharmaceutical factory in Sudan, according to a person who attended the closed-door meeting.

Mr. Cohen and Mr. Tenet repeated their assertions that tests of a soil sample taken by the CIA near the Shifa pharmaceutical plant in Khartoum some months ago proved the presence of EMPA, a chemical compound that they said was used to manufacture VX, a deadly nerve agent, in a process that

they said was developed by Iraq. They presented Tuesday what they said was new and not fully evaluated evidence of financial ties between the plant's owner, Saleh Idris, and Osama bin Laden, the Saudi émigré millionaire who is accused by the United States of organizing the Aug. 7 bombings of two U.S. embassies in Africa.

Separately, several business persons in Sudan have said in interviews that they suspect that Mr. Idris may be connected to Mr. bin Laden.

They said that Mr. Idris, who worked at banks in Sudan and Saudi Arabia, began investing heavily in Sudanese businesses in early 1996, around the time that Sudan asked Mr. bin Laden to leave the country.

The person who attended the Senate

briefing spoke on condition of anonymity. He said that the briefing, together with what U.S. intelligence officials described as transcripts of electronically intercepted telephone conversations from inside the factory, supported suspicions that the plant in Khartoum was part of a chemical weapons program that could have been used by Mr. bin Laden.

Some U.S. officials, European diplomats and chemical weapons experts have questioned the strength of the evidence, but none of the senators did, according to this person. He said Mr. Cohen and Mr. Tenet received a round of applause at the conclusion of the briefing. He said the two men argued that the decision to destroy the plant was sound, though they backed away from earlier assertions that Mr. bin Laden was a direct investor in the plant. They had initially described the plant as producing commercial products, when in fact it produced medicine.

The Sudanese ambassador to the United States, Mahdi Ibrahim Mohammed, said in an interview Tuesday that his government would have cooperated with the United States in an investigation of the plant before the cruise missile attack.

"They could have talked to us about it," he said. "They could have asked our cooperation. It certainly would have been given. A plant is not like a terrorist who can take a flight to Afghanistan. It was a sitting duck. To take the decision unilaterally to bomb this plant is not justified. It was a grave attack on the sovereignty of our country. It was an act of lawlessness against the Sudan."

2 U.S. Embassies Under Threat

The Associated Press

KUWAIT — The U.S. Embassy in Kuwait said Wednesday that an attack was possibly being planned against it, and a note found on a plane warned of a bomb attack on the U.S. mission in the Philippines.

Washington has closed some of its diplomatic missions around the world and increased security at others since the Aug. 7 bombings of U.S. embassies in Kenya and Tanzania, which killed 258 people and injured more than 5,500.

A message on the embassy's telephone line for U.S. citizens in Kuwait said: "The U.S. government has received information indicating that a similar attack may be being planned in

Kuwait." It said the embassy was taking "appropriate security precautions."

An embassy spokesman said there were no plans to close the mission. The spokesman would not say how or where the threat had been received.

A handwritten note threatening the U.S. Embassy in Manila was found Tuesday in a lavatory on a plane after its arrival in Kuwait from Dubai, said Colonel Bader Saleh, a Kuwaiti Interior Ministry spokesman. He said that the note, which was in English, read: "The American Embassy in the Philippines will be bombed on Sept. 4, 1998."

In Manila, the police chief, Viratus Gil, said security would be increased around the seaside embassy.

Bush Book Details Gulf War Dilemma

By Walter Pincus
Washington Post Service

WASHINGTON — Former President George Bush hoped that President Saddam Hussein of Iraq would flee the country in the closing days of the Gulf War, but he ruled out capturing or killing him because of the political and human costs, according to a new book co-written by Mr. Bush and his national security adviser, Brent Scowcroft.

Writing that eliminating Mr. Saddam would leave the United States without an "exit strategy," Mr. Bush maintained that occupying Iraq "could instantly shatter our coalition, turning the whole Arab world against us, and make a broken tyrant into a latter-day Arab hero."

So concerned were American officials with Mr. Saddam's ability to influence the end of the war that they decided not to require his presence in Safwan, Iraq, near the Kuwait border, to sign terms of Iraq's defeat. "We asked ourselves what we would do if he refused," Mr. Bush and Mr. Scowcroft wrote.

The book, "A World Transformed," contains alternating first-person recollections by Mr. Bush and Mr. Scowcroft on several crucial events of the Bush presidency, including the collapse of the Soviet Union. The section dealing with Iraq

describes in great detail decisions that contributed to Mr. Saddam's ability to remain in power after Operation Desert Storm, an outcome that brought Mr. Bush criticism and bedevils the Clinton administration more than seven years later.

Mr. Scowcroft recounts the administration's failure to oppose a decision by General Norman Schwarzkopf at Safwan to allow the Iraqi military use of helicopters after the war. "Saddam almost immediately began using the helicopters as gunships to put down the uprisings" against his regime, they wrote.

The book provides new details on the negotiations that preceded the sending of U.S. forces to the Gulf in late 1990 and the start of the fighting. It candidly describes how normal procedures, including some required by law, were circumvented in order to get the job done.

When King Fahd of Saudi Arabia accepted a plan from the U.S. defense secretary, Dick Cheney, to permit the first American forces on Saudi soil, Mr. Bush records that he promised that the agreement would be kept secret, even from Congress, until the troops were there. "I was less worried about congressional notification than keeping our word to the Saudis and getting our forces in place as safely as possible," Mr. Bush wrote.

The president did, however, tell Prime

Minister Margaret Thatcher of Britain. "I confided to her what I was planning, provided the details of the deployment and asked her to tell no one," he said.

In December 1990, Mr. Bush disclosed to John Major, the successor to Ms. Thatcher, the entire military plan, including the date the air war was to start. "We had given no order yet to our military, nor had we discussed it with other government officials," Mr. Bush wrote.

When Mr. Saddam first invaded Kuwait, the Bush administration was surprised. In fact, on the eve of the Iraqi invasion, Mr. Scowcroft wrote, "diplomacy seemed to be working, if slowly."

On Aug. 2, 1990, with the invasion under way, Mr. Bush faced the press and was asked whether intervention was being considered. He wrote that he did not want his first words to be a threat, so he responded that he was not contemplating intervention. "The truth is, at that moment, I had no idea what our options were," Mr. Bush wrote.

In his diary on Feb. 28, 1991, the day after the fighting stopped, Mr. Bush noted that he had "no feeling of euphoria."

"It hasn't been a clean end; there is no battleship Missouri surrender," he wrote. "This is what's missing to make this akin to WWII, to separate Kuwait from Korea and Vietnam."

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COME ON - HELP US

TribTech

Big-Screen TV Is Getting Thinner

By Miki Tanikawa
Special to the Herald Tribune

TOKYO — The advance of technology has led to the miniaturization of most consumer-electronic devices. Camcorders, compact disk players, cellular phones and other electronic devices have shed pounds to become slimmer and handier. But one home electronic product has remained a bulky, onerous object that claims a massive space in the living room: the television set.

Now, Fujitsu Ltd. and other Japanese manufacturers are betting that a new technology — the plasma display panel, or PDP — will be the next big thing in home television once the wide, flat screens that can be hung on walls become affordable to middle-class families. Sony Corp., Canon Inc. and others are experimenting with competing formats for display panels that are similarly thin and suited for multimedia use.

Wide-screen plasma display panels have been available since 1996 for commercial use, mostly at airports and train stations, but Fujitsu, the leading manufacturer with a worldwide market share of 87 percent, is confident the screens, which currently cost more than 1 million yen (\$7,160) for a 42-inch (107 centimeters) model, will break the watershed price of 500,000 yen — considered the maximum price for the home market — as early as 2000.

Analysts say that Fujitsu's new technology, the Alis drive system, has nearly overcome PDP's major weakness — the lack of brightness — so that the only thing in the way of commercial success is price. In a plasma display, neon gas is sealed between two sheets of glass in minute cells. Electric pulses



ALIS新駆動方式 (42型HDTV用カラーPDP)

Fujitsu is betting that its new plasma-display panel technology will be the next big thing in home television.

cause the gas atoms and electrons to separate. When the gas atoms and electrons recombine, ultraviolet rays are generated that hit fluorescent substances placed on the other side of the glass. The substances, which come in red, blue and green, then emit light.

In a conventional cathode-ray tube television, an electron gun shoots a beam that scans the back surface of the screen coated with fluorescent substances. The gun must be positioned further back to accommodate larger screens because it cannot cover too sharp an angle. This makes conventional television sets deep and heavy.

There are few such physical limitations to making plasma display panels larger, according to Fujitsu, which plans to make screens measuring up to 72 inches diagonally.

Fujitsu's 42-inch display is only 6 inches deep, but because the creation of images takes place within a 0.1 millimeter space between the glass sheets, the potential for making the panel even thinner is great, according to Kazuki Kira, director of the PDP promotion division at Fujitsu. He said that the plasma display panel could in theory become as thin as the two glass sheets combined, which is about 6 millimeters. Such an



ALT / Commentary

Administration Failing Own Web Privacy Tests

By Jeri Clausing
New York Times Service

WASHINGTON — When it comes to on-line privacy, it seems that the Clinton administration has not been practicing what it preaches.

Only a handful of the administration's sites on the World Wide Web post the kinds of privacy guidelines that the Federal Trade Commission recently criticized businesses for failing to post, and none of its sites offer the special protections for children that the government recommends for commercial sites.

Even the White House Web site does not meet the standards recommended by the commission and endorsed by the administration.

For example, the White House site collects electronic mail addresses — and in some cases, home addresses — through links that allow visitors to send electronic messages to President Bill Clinton, Hillary Rodham Clinton, Vice President Al Gore and Tipper Gore.

Yet, it does not provide any notice about how that information will be used by the White House. Nor does the site ask visitors in its special children's pages to consult their parents before divulging personal information, as the administration has recommended.

Unlike operators of commercial sites, federal organizations do not collect or sell personal data for marketing purposes. The issue, critics say, is more one of leading by example.

The administration has endorsed child-protection legislation that was introduced in response in the trade commission report.

Yet, despite the administration's support for these measures, the White House Web site collects information from children without parental notification. Within a special children's section on the site, a White House tour led by cartoon caricatures of the "First Pets," Buddy the dog and Socks the cat, ends with an invitation to send e-mail to Mr. Clinton, Mrs. Clinton or Mr. Gore.

The electronic form asks for the sender's name, age, e-mail address, grade at school, the school's name

and, from those visitors who want a response, a home postal address. The site does not advise children to ask their parents before divulging that information.

The White House, the vice president's office and Mrs. Clinton's press office did not respond directly to questions about the Web sites' lack of a posted privacy policy. But administration officials stressed that in May, Mr. Clinton ordered the Office of Management and Budget to con-



Nancy Fuchs/ABC

duct an agency-by-agency review to ensure that new technologies were not violating the Privacy Act or otherwise eroding privacy protections.

Mr. Clinton's top adviser on Internet issues, Iri Magaziner, said last week that the administration was working "to get its own house in order." Mr. Magaziner also noted that unlike the private sector, government agencies are bound by the Privacy Act to protect personal data, although the White House is exempt.

SITES

Federal Trade Commission documents concerning on-line privacy:
www.ftc.gov/ftc/online/privacy.htm

European Union information on the privacy of personal data:
www.privacy.org/efil/inf/origsect/dp_directive_final.txt

Dreams of X-Ray Vision May Become Reality

Baltimore Sun

Many people would like to have X-ray vision, just like Superman. Contractors would love to see through walls to the studs, pipes and wires behind them. Police officers would be safer if they could see through closed doors. And drivers would relax some if they could see the curbs, posts and tricycles their mirrors cannot reflect.

X-rays are too dangerous and costly. But recent advances in low-power radar technologies are driving the development of new devices that may soon fulfill these wishes and more, at affordable prices.

Their inventors say the potential market can be measured in the billions of dollars. And some of the first applications are getting closer to commercial production.

At the Georgia Tech Research Institute, Gene

Greener's "radar flashlight" can detect human breathing through 8 inches (20 centimeters) of cinder block. "With the interest we have had on this, we could have already sold a thousand if we had them," he said.

Zircon Corp., a privately held, California-based company that has sold 20 million old-fashioned electronic stud finders, is pumping big money into developing a radar version.

Amerigon Inc. of Monrovia, California, is working on a radar system that can warn drivers before they back into a wall or a child. The systems may become cheap enough, at roughly \$100, to be commonplace in new cars.

Long-range radar systems are expensive and power-hungry. The new short-range radars are relatively cheap and can run on batteries.

GIVE A KID A HAND



The first five years of a child's life are critical, the experts tell us. That's when their characters are formed. That's when caring counts. Someone to show them how to do things. Someone just to hold them. Unfortunately, for many of the world's children, that's just what they don't get. And society suffers as a result — because a deprived child has a lot less chance of growing up an adjusted adult. Some of us

believe we can change things — or at least try. And we need your help. No, don't reach for your pocket. It's not your money — it's you we want. In your community there are dozens of ways you can make personal contact with kids and make a difference to their lives. Maybe you'll help one to read, to play a game, to learn to laugh. Maybe you'll just be the hand that holds out a little hope.

COME ON — HELP US GIVE A KID A HAND



HAL, SEARCH THE WEB: Searching the Internet is inevitably an exercise in information overload.

Type a single word and you are likely to get thousands of hits, only a handful of which are pertinent to your actual field of interest.

But what if you could pose a question to the search engine in plain English, in the same way that you might pose a question to the research librarian at your local library? And what if the search engine could understand the question and respond to it precisely?

Kathleen Dahlgren, a computational linguist, and her colleague, Edward Stabler, contend that they have built exactly such a search engine, which they recently patented.

The system, dubbed Inquirit, is based on natural-language searching, which means that it retrieves and stores information in much the way that people talk. "We model the way people interpret the meanings of a word — through context," Ms. Dahlgren said. "We search on meaning by using grammar and structure and semantics. Every word has associated with it a set of beliefs."

Thus, Ms. Dahlgren said, a query such as "What kinds of wood are bats made of?" would probably yield documents having to do with baseball bats and hickory.

On the other hand, a query using identical key words with vastly different meanings — "Do bats live in the woods?" for example — would yield documents about species of bats that live in trees.

Thus far, Inquirit has been financed by a U.S. Army research grant, private investors and "sweat equity," accord-

ing to Ms. Dahlgren. The project received patent No. 5,794,050. (NYT)

SPAM, AND THEN SOME: In the New Oxford Dictionary of English, published Thursday, a number of computer-related terms have made the transition to everyday English, at least as it is defined by Oxford University Press. One of these words is "spam."

The new dictionary defines "spam" as "irrelevant Internet messages sent to large number of people." The Coalition Against Unsolicited Commercial E-mail calls spam "an unfortunate term for an even more unfortunate practice."

"Not only do spammers steal our resources by making us bear the cost of their transmissions, they've managed to steal a trademark from the Hormel Company," said John Mozena, a member of the anti-spam coalition's board. "Spam is only digestible if it comes on bread, not over the Net."

The inclusion of "spam" in the dictionary underscores the degree to which junk e-mail has become an inescapable part of the Internet experience, Mr. Mozena said.

"I guess it's official," he said. "Spam is now officially not just for breakfast anymore."

ON-THE-JOB TRAINING: Too many information technology jobs, not enough trained employees — the story is getting to be an old one. But many

high-tech companies are addressing the problem by creating their own corporate in-house educational programs — sometimes called universities, academies and colleges — so they can hire and train those who may be underemployed but are fully employable.

Systems & Computer Technology Corp. of Malvern, Pennsylvania, offers

its intensive nine-week SCT Academy for recent college graduates who are looking to break into the information technology world, regardless of their undergraduate major.

"It's not what you know in terms of technology," said Eric Manganel, a recent George Washington University graduate who was hired by SCT

and is now at the academy. "It's what you're willing to learn."

After graduating this year with a bachelor's degree in finance, Mr. Manganel knew that he did not want to go into something like investment banking. The nine-week SCT program is preparing him for a job testing software, and he hopes to end up in one of the company's offices in Europe. (WP)

UNBREAKABLE: At least 6,000 computer hackers from around the world failed to break into a Hungarian computer safety company's Web site, organizers said Wednesday at the end of a four-month competition on the Internet. The company, Telnet Hungary, had put up a prize of 1 million forints (\$4,500) for anyone who could break the code for its www.telnet.hu Web site.

At hackers' request, it even extended the original two-week competition to four months, but none of the approximately 6,000 visitors to the site managed to break the code, the company said. The prize money will now go into further development of computer safety systems, it added. (AFP)

WAS IT GOOD FOR YOU? For any curious observer of the business world who sits before Mark Cuban, president of Broadcast.com Inc. in Dallas, the most pressing question is probably: What was going through his mind on July 16 as he watched the stock price of his company shoot from \$18 to \$74 before settling at \$62.75, the best first day for an initial public offering in history?

"Oh my God, this is really, really cool," he recalled thinking as he watched his personal net worth — on paper, at least — rise to \$300 million. "I've never been married, but I guess that feeling I had that day was similar to what a groom would feel at the altar," Mr. Cuban said. "I've never been the No. 1 draft pick for the NFL or NBA, either. Actually, that's probably even closer to the point."

In late trading Wednesday, shares of Broadcast.com were trading at \$38.125, off more than 39 percent from the first-day close. (NYT)

TECHNOLOGY INDEX

A glance at technology stock indexes around the world				
	Tuesday close	% change previous week	% change year to date	
North America				
Pacific Stock Exchange Technology	296.71	+12.65	+2.15	
Standard & Poor's Technology Composite	820.45	+18.50	+17.21	
Europe				
Morgan Stanley Eurotec	585.28	+12.71	+46.75	
Asia				
Topix Electric	1614.66	+3.92	-1.79	

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- New U.S. Rocket Falls First Flight, Aug. 28
- SAP Shares Hit by Suit Over Failed Taxes Firm, Aug. 28
- Telekom Weathers Asian Crisis, Aug. 28
- Alcatel Chief Severs Ties to Aerospace, Sept. 1
- IBM Said to Seek Buyer for Global Network Operation, Sept. 2
- Boeing Takes Action to Reverse Its Losses, Sept. 2
- Cell Phones Help Lift Profit at Telefonica, Sept. 2

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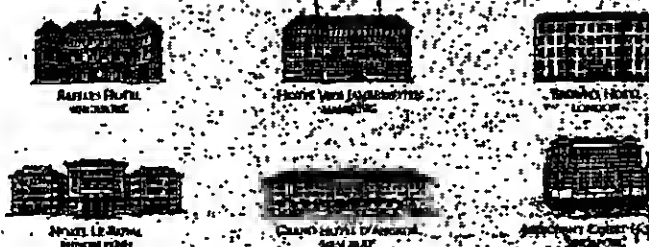
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A collage of financial news snippets and a line graph. The snippets include headlines like "Gold's Options", "The Securities-Radiation", "Overpriced?", and "CURRENT". The line graph shows a fluctuating trend with a sharp upward spike at the end.

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Continued on Page 16

Russia's Options Narrow

Steps Once Seen as Radical Gain Currency As Economy Slides Further Into Disarray

By Sylvia Nasar
New York Times Service

Plan A, a \$23.6 billion program courtesy of the International Monetary Fund, failed in less than four weeks. Plan B, a devaluation and debt moratorium cobbled together by young Russian reformers, collapsed within days. Neither prevented investors from fleeing or citizens from turning every ruble they had into dollars.

Now, the central bank of Russia is nearly out of dollars, banks are out of cash and the government is not just in default on its loans, but for most practical purposes, defunct. And those who have ridden the rescue of Russia before—the IMF, the United States, the Group of Seven industrialized democracies—are ruling out a bailout.

So what options are left? Even as Russia struggles to form a new coalition government, some prominent Western economists are proposing measures that would have been dismissed as extreme a few weeks ago.

Economists outline three possible courses of action for Moscow: Take the populist path of tightening direct control over the economy, including foreign-exchange controls that would make it difficult to convert the ruble into dollars or Deutsche marks. Or strike a deal with the monetary fund, paying at least lip service to tight money, budget-balancing and orderly debt restructuring. Or, most radically, link the nation's finances to a strong foreign currency like the dollar.

The last two proposals, both intended to preserve access to foreign capital, could be pursued simultaneously.

The trouble, many experts say, is that the choice Russia seems to be leaning toward—the populist package—seems the most likely to lead to hyperinflation, social unrest and a lurch toward totalitarianism.

Consider that option first. Communists in Parliament are talking about a full retreat from a market economy, including nationalizing banks to protect depositors, rationalizing major industries to raise output and government revenue and instituting price controls to protect the ruble and dampen inflation—all to bring a sense of order to daily life.

Their plan involves foreign-exchange controls that would ban dollar-denominated bank accounts abroad and force exporters to sell their foreign currency to the central bank at a fixed rate. The hope is that by making it impossible to buy dollars, the Russians could stem capital flight and stabilize the ruble.

Although most Western economists deplore exchange controls, some believe that they may be the lesser of evils.

Others disagree. Paul Krugman, an international economist at the Massachusetts Institute of Technology, who recently wrote an article for *Fortune* magazine advocating exchange controls in several Asian nations, said he thought

that they would fail in Russia. In his view, Russia's oligarchs—the tycoons who control the biggest banks and businesses—would easily circumvent them.

There are other problems. Foreign-exchange controls risk triggering inflation by giving the central bank a free hand to print more rubles. At best, the government could keep inflation at bay with Soviet-style shortages and rationing.

Moreover, a heavy dose of state intervention would fuel capital flight and scare off foreign investors. And it would certainly cost Russia the rest of the \$22.6 billion IMF loan package announced in July. Exchange controls violate the IMF charter.

A second alternative would be a modified version of the IMF program. That would please Washington, which contends that if Russia would just push ahead with the reforms in taxation, banking and other areas stipulated by the IMF to restore confidence in the ruble, the West would be willing to lend more money. There is just one problem. This hope-for-the-best approach flies in the face of political reality as it has unfolded since President Boris Yeltsin changed his prime minister, replacing Sergei Kiriyenko, an advocate of rapid Westernization of the economy, with the more conservative Viktor Chernomyrdin.

What really stands in the way of fiscal reform is Russia's failure to develop a separate government budget, central bank and private sector. "There's one common pot, one budget, one credit card which is more or less used for all transactions," said Alvin Rabushka, an economist at the Hoover Institution at Stanford University, a public-policy research group. "In Russia, all losses and debts are passed back to the federal budget and the central bank."

That is why money from abroad is probably not the answer. Any cash the IMF pumps into Russia has been lent by the central bank to banks that promptly exchange rubles for dollars. Such assistance just increases the pressure on the ruble and capital flight.

The third option for Russia, admittedly a desperate one, would be to give up all pretense of trying to control the value of its currency by linking the ruble tightly to a hard currency like the dollar and in effect replacing its central bank with a currency board. Under such an arrangement, the supply of rubles in circulation would have to be fully backed by dollars and convertible, on demand, at a fixed rate of exchange.

In effect, Russia would be handing over control of its money supply—which would fluctuate with the amount of dollars available—to the chairman of the U.S. Federal Reserve Board, Alan Greenspan.

Until recently considered an appropriate strategy only for small economies that rely heavily on international trade, the currency-board proposal is gaining supporters among Western experts.



A Northwest Airlines pilot, Bill Bard, walking the picket line at the Memphis, Tennessee, airport on Tuesday.

Russia's Woes Are South Africa's, Too

By Donald G. McNeil Jr.
New York Times Service

DURBAN, South Africa — In the 1980s, the apartheid government was obsessed with fear that it would be over-run by Communist-backed black guerrillas, and it presented the Soviet Union as a vast menace that justified brutal oppression.

"The truth is, it never was much of a threat," said Samille Terreblanche, a political economist at Stellenbosch University here. "Now, in the new South Africa, the collapse of the new Russia seems to be quite threatening."

The current economic trouble in Russia has hit South Africa hard, dealing a sharp blow to an emerging economy already hurt by the Asian troubles.

On Wednesday, the benchmark Johannesburg Stock Exchange index finished at 4,911.53 points, down 41 percent from its high of 8,359 on April 20. The rand has also fallen. The dollar, which was even with the rand in 1982, was worth 6.3265 rand Wednesday.

Gold, a major export that stood at \$278 an ounce Tuesday, hit \$273 an ounce last week, its lowest price since 1985.

Interest rates have soared. Mortgages are now at 23.5 percent, and the prime rate is 25.5 percent, both records.

The cost of borrowing has risen for the government, too. Long-term government bonds sell at yields of nearly 22

percent. In April, they were at about 12 percent.

In some economists' view, South Africa is just another victim of investor nervousness about emerging markets. But to others, this particular difficulty is worse because its roots are in Russia. Russia exports many of the same commodities that South Africa does: gold, diamonds and strategic metals like palladium and titanium. Both also export weapons.

"The obvious concern is commodity price fears," said Dennis Dykes, the chief economist at Nedcor, a bank holding company. "Russia may sell all it can, driving prices down."

The old adage that gold does well in bad times does not apply now. "Panics in the 1970s were inflationary scares. This is a deflationary environment," Mr. Dykes said. "Gold is the last thing you want to own. People fly into dollars or Deutsche marks."

While South Africa has been battered by global markets, its self-off had a local trigger: the bomb blast at a Planet Hollywood restaurant Aug. 25 in Cape Town. One person was killed and 27 wounded.

To foreign investors, the Achilles heel of South Africa is political instability. Thanks largely to President Nelson Mandela's popularity, the government seems quite secure for the moment, despite growing anger about high crime rates. The bomb may turn out to

be the work of a few cranks, but it exploded at a touchy time.

South Africa has suffered more than some other emerging markets because steps taken since the elections of 1994 to draw foreign capital into this long-isolated economy have also made it easy for that capital to flee. Unlike the currencies of India or China, Mr. Dykes pointed out, the rand is easily sold for dollars. Foreigners can take out as much as they wish.

Despite its links to the world economy, South Africa has a long tradition of going its own way. Economically, Mr. Terreblanche said, its "40 years" were from 1934, when abandoning the gold standard pulled it out of the Great Depression ahead of other countries to 1974.

Ahead of the struggle to preserve apartheid led to capital flight, sanctions cut off foreign investment and the wars against guerrillas sapped the state's resources.

Recovery has been slow. "Since 1974, it's lean years," Mr. Terreblanche said. "We've had an average of 1.4 percent GDP growth and 2.5 percent population growth, so we've been in creeping poverty for 24 years."

That disparity—slow economic growth versus rapid population growth—will probably bedevil governments of the African National Congress for years to come, he said.

27,500 More Laid Off by Northwest

Airline Cancels Flights Through Labor Day

Compiled by Our Staff From Dispatches

MINNEAPOLIS — Northwest Airlines Corp., the fourth-largest American airline, on Wednesday canceled all its flights through the Labor Day holiday weekend and laid off another 27,500 workers because of a strike by its pilots' union.

The layoffs affect mechanics, flight attendants, customer service employees and other ground workers. Northwest's first layoffs, announced Tuesday, covered 177 workers. Northwest said more layoffs among its approximately 50,000 employees might follow.

The carrier said it would make no American and Canadian flights through Monday and no flights from Europe and Asia through Tuesday. The pilots struck the airline late Friday after failing to agree with management on a new labor contract.

The Air Lines Pilots Association, which represents the carrier's 6,200 pilots, said a national mediator was talking with union leaders about when to reconvene the contract talks, which broke off after the strike.

On Tuesday, Transportation Secretary Rodney Slater met for almost five hours with representatives of Northwest and the pilots. At the meeting, Mr. Slater urged the parties to resume talks under the auspices of the chairwoman of the National Mediation Board, Maggie Jacobson.

Both parties said Tuesday there was room for negotiation. The two sides are separated on issues of pay and job security.

Because of the layoffs, the airline will need eight to 10 days to resume a full flight schedule when the strike ends, a spokesman for the company, Jon Austin, said. The laid-off employees were told they would not be paid for time lost and were not to report for work until called back by the airline.

Northwest normally carries nearly 150,000 passengers and 2.9 million pounds (1.3 million kilograms) of cargo a day on 1,700 flights in North America, Europe and Asia.

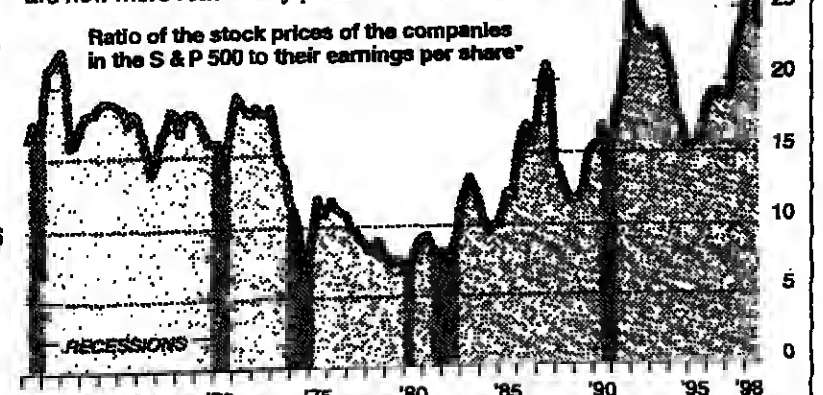
On Tuesday night, talks broke down between Air Canada and its 2,100 pilots over issues of pay and working conditions, forcing the airline to cancel all of its flights worldwide.

The strike is the first in the Air Canada Pilots Association's 61-year history. Air Canada carries approximately 60,000 passengers daily.

Priscille LeBlanc, a spokeswoman for Air Canada, said no talks were scheduled. She said the airline had negotiated agreements with other carriers to have Air Canada tickets accepted at face value.

Still Overpriced?

According to a widely used measure of stock price value, stocks are now more reasonably priced, but still expensive.



	DOW JONES INDUSTRIALS	S & P 500	NASDAQ COMPOSITE INDEX
Monday's close	7,539.07	957.28	1,499.25
Tuesday's close	7,527.43	954.26	1,475.09
Percentage change	-0.17%	-0.31%	-1.55%

Sources: Standard & Poor's, Bloomberg Financial Markets. The New York Times

WALL STREET WATCH

Stocks' Volatility Provides a Dose of Reality to Market

By Gretchen Morgenson
New York Times Service

NEW YORK — The smoke from the stock market shoot-out of recent days has finally begun to clear, and investors are asking: Where do we go from here?

History, a usually useful guide, tells us that September is not typically stellar months for stocks. Last September, at Birming Associates says that since 1915, the average performance of the Dow Jones industrial average during September is a decline of 0.74 percent. September has also become known as a month in which many corporations warn investors of coming shortfalls in earnings.

But while investors fasten their safety belts in front of further turbulence in stocks, it is worth noting that the overall market looks a lot saner now than it did in July, when the averages peaked.

For instance, weakness in the elite group of blue-chip stocks that had been leading the market higher—names like Coca-Cola Co., General Electric Co. and

Microsoft Corp.—means that the narrowness of the market's moves is less pronounced than it was in July and August. The strongest market advances, strategists say, are those in which large and small stocks rise. This was not the case in the Dow's run to 9,337.97 points in July; it left small stocks in the dust.

According to Aronson & Partners, a money management firm in Philadelphia, big-name stocks that make up the Standard & Poor's 500 index outperformed the smaller companies found in the Russell 2000 index by 27.5 percent in August, a divergence not seen for 25 years.

Now that spread seems to be narrowing; large stocks have weakened, while smaller stocks have leveled off.

The realization also seems to be sinking in among investors that earnings for the third, and possibly even the fourth, quarter, could be lower than Wall Street analysts are calling for.

Although this sounds like it would be a bad sign, it is actually positive for the market: When investors find themselves in a volatile market, it is far better to be braced for bad news than to have it take you by surprise.

It takes time, of course, for lowered

earnings expectations to show up in share prices. A surge Tuesday in stocks left the average price/earnings ratio—the most common investor measure of a stock's value—on the S&P 500 at 23.66. This is by no means cheap on a historical basis—the price-earnings ratio on the S&P averages 16.3 going back to 1975. But it is coming down from the high of 28.7 in the second quarter, a level never before seen.

Another positive sign in the market is that investors are reducing their exceedingly heavy stock-market borrowings. Known as margin debt, these borrowings had reached record levels this year.

According to Charles Peabody at Mitchell Securities in New York, margin debt rose to \$154 billion in July, up 9.7 percent from March. Since 1995, margin debt has grown almost in tandem with returns on the S&P 500: up 25 percent in 1995, 27 percent in 1996 and nearly 30 percent last year.

Now, analysts say, the tide has turned. Of course, many of the investors who are now reducing their borrowings are being forced to do so by their brokerage firms, who are demanding cash to prop up falling portfolio values. But the

effects on the market are calming; fewer investors on margin means fewer investors with their fingers on the "sell" trigger as stocks go down.

Nobody is claiming that stock-market volatility will go away. The fact that the market averages are still at high valuation levels going into what could be weak third- and fourth-quarter periods for earnings remains perhaps the biggest threat to stock stability.

Still, investors looking to find their footing in an enormously tricky market may be able to take some comfort in knowing that the turbulence they have just been through is far worse than that of the 1990 bear market. In some cases, the carnage exceeds that seen in the crash of 1987.

John Manley, equity strategist at Salomon Smith Barney Inc., noted that the S&P 500 index had slumped 12 percent in the previous five trading days. That performance is equal to the trauma that took place in the week of the October 1987 crash and matches the worst sell-offs for a five-day trading period going back 30 years. For these reasons, Mr. Manley said the market could be near a bottom, if only in the short term.

Goldman's Star Bull Finds Herself in Hot Seat

By Caroline E. Mayer
and Robert O'Harrow Jr.
Washington Post Service

Throughout the stock market's wild gyrations, perhaps no analyst has gained more fame or been more closely watched than Abby Joseph Cohen of Goldman, Sachs & Co. Now questions are being asked about whether this most bullish of bulls can afford to even hint at being a bear.

Even in the face of the recent market turmoil, Ms. Cohen has held to her prediction that the Dow Jones industrial average would end the year at 9,300. On Monday, Goldman's chief market strategist not only reiterated her prediction but also urged her clients to boost their share of the portfolio, up from her previous 65 percent recommendation.

Still, a growing number of analysts are beginning to question whether Ms. Cohen can even risk changing her advice. If she changes her prediction and

becomes even the least bit bearish, will she be sharply criticized for not becoming more cautious earlier in the downturn?

Even worse, will any downward alteration of her 9,300 prediction so shock the market that stocks tank? And would that, in the process, affect the very firm she works for, as Goldman, Sachs plans to sell stock to the public for the first time next month?

On Tuesday, Ms. Cohen (who is not a partner) just laughed at the idea that she was holding a bullish line to help Goldman's stock offering.

"The facts are the facts," she said, insisting that her predictions are driven solely by economic fundamentals—corporate earnings, inflation levels and interest rates. "What we try to do is stick with the analytics and stay away from the drama and theater."

Still, others said she is in a bind. "She's clearly in a predicament," said Mike Vogelzang, chief investment officer for Boston Advisors Inc. "If she

pulls the plug, we'll see the market follow her down. She says she has no impact on the market, however there are folks who pay attention to her and trade based on what she says."

"If she went bearish, it would shock the market a lot," said David Mead, chief investment officer of Chicago-based Harris Bank.

Consider what happened in November 1996, when rumors ran through Wall Street that Ms. Cohen was about to issue a new, bearish report on the market. The rumors sparked a sharp sell-off, with the market slumping about 65 points, until Ms. Cohen hastily arranged a conference call to deny the rumors. At the end of the day, the market was up 35 points.

In a report issued Tuesday, Ms. Cohen struck a positive note. "We expect little impact on U.S. economic growth, corporate profitability and cash flow." And "most importantly," she added, "we do not expect global recession this year or next."

Woes Over
Ship Rebound

Will Russian Crisis Cast a Pall Over the Birth of the Euro?

By Anne Swardson
Washington Post Service

PARIS — At the Dour chicken factory near the town of Chateaulin in western Brittany, the French managers know how to handle Russian clients. Ever since Dour began selling to the former Communist world in 1990, Russian customers have had to pay in advance.

In one way, then, Dour is sheltered from the Russian financial turmoil, which has deprived Russians of money to pay or banks to transfer that money. The previously ordered frozen chickens being boxed up now have already been paid for.

But the flow of orders from Russia has stopped. They had accounted for 4 percent of total sales. No more

sales to Russia are expected soon.

"We preferred to be prudent, and we are happy about that now," said the Dour factory's commercial director, Jean Coedec. "It's quite worrying over there. We are sending what was already confirmed. Like everyone, we are waiting."

The chickens of Dour symbolize, in a sense, how Western Europe is prepared for the financial meltdown to the East. All necessary preparations have been made. The economies of Europe could not be in better shape to weather any crunch. But some impact is inevitable under the best of circumstances.

Russia's crunch comes at a crucial time for Europe. Eleven of the 15 member nations of the European Union are preparing to abandon their national currencies for one, the

euro. The first formal stage of the process occurs at the end of the year, when exchange rates between members' currencies are to be frozen and the euro begins floating against the dollar and other currencies on the international financial markets.

In one way, these are dangerous times to launch a new ship into international financial waters. It is when markets are fluctuating and economies are ailing that currencies are most vulnerable to speculation. Some think that Europe is far too complacent about the dangers now posed to the euro, which is politically dependent on healthy economies within the member countries.

"I think there is too much optimism in Europe. They are looking at forecasts of 2.5 percent or 3 per-

cent growth as if the rest of the world didn't have a significant downturn. So there is an awakening to come in Europe, just as we've had in the U.S. over the past two months," said Rudiger Dornbusch, an economist at the Massachusetts Institute of Technology.

Viewed another way, however, the single currency has provided the impetus for major economic reforms that now give Europe the wherewithal to weather the storm. As a condition of euro membership, nations have had to reduce inflation and budget deficits and demonstrate stability of exchange rates and interest rates.

In some countries this process has produced astonishing, if not necessarily permanent, results. Italy, which imposed a special "euro tax"

and reduced spending a bit, saw its budget deficit go from 7 percent of gross domestic product in 1995 to 3 percent now, while inflation was cut in half.

Though unemployment remains high in Europe, the informal name for the 11 countries that will launch the euro, most Continental economies are only now entering a period of healthy economic expansion. The American expansion, by contrast, is more than seven years old.

"Europe is more sheltered than if we had not created this collective currency," said Dominique Strauss-Kahn, the French finance minister. "If the countries of the euro are relatively sheltered from the crisis, it is because the euro is a kind of lightning rod."

They may be relatively sheltered, but the Russian and Asian troubles will surely put Europe's fledgling monetary institutions to the test. Already, the central banks of the 11 participating countries have pledged to preserve each others' currency values in this transition.

Germany has heavy bank exposure to Russia. Finland trades a great deal with Russia. The Italian firm has been losing out from the target range each needs to reach by December, but analysts say the differences are small and the euro is still on target.

"I don't sense a great anxiety," said Eric Barban of the investment firm Paribas.

The new European Central Bank, based in Frankfurt, will come under conflicting pressures as it takes the reins in January. On one hand, its mission is to ensure a strong and stable euro, which means raising interest rates when necessary. But if Europe's economic growth slows with all the turmoil elsewhere in the world — already growth projections have been reduced — the central bank will come under pressure to lower rates.

Although European leaders do not say it openly, one of the reasons for creating the single currency is to serve as an alternative to the dollar. For that to happen, European financial markets must operate independently of their American counterparts. By that token, economists were relieved to see that the 512-point decline in the Dow Jones average Monday was generally not echoed in major European markets. They declined, but by much less.

Erotica Retailer, Europe's Largest, Set to Go Public

Agence France-Press

FLensburg, Germany — Beate Uhse, Europe's largest erotica and mail order distributor of erotica, will go public in the first half of 1999, the company's founder and supervisory board chairman, Beate Rotermund, said Wednesday.

The chairman, 78, said that as part of the flotation, two new board members would be appointed from outside the company, one of whom would be solely responsible for finances.

Hans-Dieter Thomsen, a board member, said the flotation was being viewed positively and the company would not be put off by the current crises on the world's stock markets.

The current management board chairman, Ulrich Rotermund, 49, will withdraw from day-to-day operations and take a seat on the supervisory board, the company said. He will be replaced by his long-standing deputy, Mr. Thomsen.

Mr. Thomsen said Beate Uhse planned to achieve sales of some 170 million Deutsche marks (\$97.4 million) this year with a work force of 600.

Total's Net Steady Despite Oil-Price Drop

Increased Output, Gains in Dollar and Higher Margins in Refining Help French Giant

PARIS — Total SA said Wednesday that its first-half earnings were little changed from a year earlier as increased oil production, a stronger dollar and better refining margins helped the French energy company resist the effects of lower crude oil prices.

Total said its net profit eased to 3.97 billion French francs (\$677.2 million) from 3.98 billion francs a year earlier. But sales fell 14 percent, to \$2.3 billion francs, the company said.

Total, the world's ninth-largest publicly traded oil company, said crude oil prices averaged \$13.65 a barrel in the first half, down 30 percent from \$19.58 a barrel a year earlier. But the company said the effect of lower oil prices was largely offset by a rise in the dollar to an average of 6.06 francs from 5.70 a year earlier, and a 7 percent rise in energy production.

International oil transactions are denominated in dollars, so the rise in the U.S. currency lifted Total's sales in franc terms and widened the profit margins in its European refining operations.

Total said refining margins at its European operations increased to about \$17 per metric ton from about \$16 a year earlier.

"Total showed in the first half of 1998 its capacity to resist the fall in crude oil prices," the company said. "Despite a deteriorating oil environment, which remains volatile, the group reaffirms its aims of growth and profitability, thanks to the robust nature of its project portfolio."

But the company said it would continue its policy of considering only exploration and production projects with a low profitability threshold.

"It's a pretty good performance, given the situation with oil prices," said Keith Morris, an analyst with BNP Paribas. "They've been making some good efforts internally with costs. But they're still coming back from several years in which profit was miserable."

Total shares closed at 566 francs, up 10 francs.

(AFP, Bridge News, Bloomberg)

Asia Crisis Hurts Norway Shipbuilder's Profit

OSLO — Kvaerner ASA said Wednesday that its first-half profit dropped 69 percent from a year earlier as the economic crisis in Asia and other parts of the world cut demand while costs rose.

The largest European shipbuilder said it earned a net 190 million kroner (\$24.5 million) in the first six months, down from 605 million kroner a year ago. Pre-tax profit fell to 266 million kroner from \$40 million.

But sales rose to 40.44 billion kroner from 33.09 billion, helping lift operating profit to 1.08 billion kroner from 963 million kroner.

Erik Toenseth, chief executive of Kvaerner, said that trading conditions for the rest of the year were likely to remain "very difficult" and that he did not expect any significant rise in net profit in the second half.

The company, whose oil and gas equipment business accounts for 25 percent of sales, was hurt by higher debt charges and by decreasing product demand as the global economy continued to weaken, particularly in Asia.

Kvaerner shares fell Wednesday to 156.50 kroner from 157. The stock has dropped 58 percent since the start of the year.

(AFP, AFX, Bloomberg)

Investor's Europe

Investor's Europe

Frankfurt
DAX

A M J J A S
1998

London
FTSE 100 Index

A M J J A S
1998

Paris
CAC 40

A M J J A S
1998

Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	AEX	1,006.24	1,021.24	+3.00
Brussels	BEL-20	3,254.68	3,161.78	+4.26
Frankfurt	DAX	4,970.50	4,791.81	+3.73
Copenhagen	Stock Market	854.35	837.39	+2.05
Helsinki	HEX General	4,175.62	4,175.62	+3.65
Oslo	OBX	510.28	498.56	+2.34
London	FTSE 100	5,285.30	5,169.10	+4.26
Madrid	Stock Exchange	785.52	781.54	+3.28
Athens	ASE	2,051.49	2,004.49	+2.34
Paris	CAC 40	3,729.87	3,648.29	+2.29
Stockholm	CSE 15	3,564.24	3,547.40	+0.47
Vienne	ATX	1,181.47	1,149.94	+1.27
Zurich	SPI	4,308.42	4,159.90	+3.59

Source: Telex

International Herald Tribune

Very briefly:

- Bayerische Motoren Werke AG rebuffed Volkswagen AG's reported interest in taking a 25 percent stake in Germany's second-biggest carmaker, indicating that it wanted to stay independent.
- Moody's Investor Services Inc. does not rule out downgrading its ratings for some European banks in the wake of the Russian financial crisis. The U.S. credit-rating agency said banks' Russian exposures, added to their existing burden of distressed East Asia credits, would put further strains on some banking groups' fundamentals.
- Volvo AB is in talks to buy a stake in MASA, Mexico's biggest bus maker, with its British partner Hays PLC, a move that would expand the Swedish vehicle maker's access to the North American market.
- Tabacalera SA, Spain's largest cigarette maker and distributor, plans to spin off its distribution unit and list shares on the stock market.
- Bank Hapoalim Ltd. is in talks to take a 20 percent stake in Clal Insurance Enterprise Holdings Ltd. in a share swap that would give Israel's largest bank a foothold in insurance.

Cable & Wireless to Link With IBM

LONDON — Cable & Wireless Communications PLC, Britain's No. 1 cable company, said Wednesday it had formed a \$3 billion information technology partnership with International Business Machines Corp. As part of the 10-year deal, IBM's Global Services unit will maintain Cable & Wireless's computer network and billing operations. Cable & Wireless will be responsible for its cable network technology.

WORLD STOCK MARKETS

Wednesday, Sept. 2
Daily prices in local currencies.

High	Low	Close	Prev.
Amsterdam	100.00	100.00	100.00
Frankfurt	100.00	100.00	100.00
London	100.00	100.00	100.00
Paris	100.00	100.00	100.00
Stockholm	100.00	100.00	100.00
Zurich	100.00	100.00	100.00
Bombay	100.00	100.00	100.00
Buenos Aires	100.00	100.00	100.00
Copenhagen	100.00	100.00	100.00
Hong Kong	100.00	100.00	100.00
London	100.00	100.00	100.00
Madrid	100.00	100.00	100.00
Manila	100.00	100.00	100.00
Mexico	100.00	100.00	100.00
Prague	100.00	100.00	100.00
Sao Paulo	100.00	100.00	100.00
Singapore	100.00	100.00	100.00
Taipei	100.00	100.00	100.00
Tokyo	100.00	100.00	100.00
Vienna	100.00	100.00	100.00
Wellington	100.00	100.00	100.00
Zurich	100.00	100.00	100.00

High	Low	Close	Prev.
Amsterdam	100.00	100.00	100.00
Frankfurt	100.00	100.00	100.00
London	100.00	100.00	100.00
Paris	100.00	100.00	100.00
Stockholm	100.00	100.00	100.00
Zurich	100.00	100.00	100.00
Bombay	100.00	100.00	100.00
Buenos Aires	100.00	100.00	100.00
Copenhagen	100.00	100.00	100.00
Hong Kong	100.00	100.00	100.00
London	100.00	100.00	100.00
Madrid	100.00	100.00	100.00
Manila	100.00	100.00	100.00
Mexico	100.00	100.00	100.00
Prague	100.00	100.00	100.00
Sao Paulo	100.00	100.00	100.00
Singapore	100.00	100.00	100.00
Taipei	100.00	100.00	100.00
Tokyo	100.00	100.00	100.00
Vienna	100.00	100.00	100.00
Wellington	100.00	100.00	100.00
Zurich	100.00	100.00	100.00

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Frankfurt	100.00	100.00	100.00
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Manila	100.00	100.00	100.00
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Prague	100.00	100.00	100.00
Sao Paulo	100.00	100.00	100.00
Singapore	100.00	100.00	100.00
Taipei	100.00	100.00	100.00
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Vienna	100.00	100.00	100.00
Wellington	100.00	100.00	100.00
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Sao Paulo	100.00	100.00	100.00
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Vienna	100.00	100.00	100.00
Wellington	100.00	100.00	100.00
Zurich	100.00	100.00	100.00

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Manila	100.00	100.00	100.00
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Prague	100.00	100.00	100.00
Sao Paulo	100.00	100.00	100.00
Singapore	100.00	100.00	100.00
Taipei	100.00	100.00	100.00
Tokyo	100.00	100.00	100.00
Vienna	100.00	100.00	100.00
Wellington	100.00	100.00	100.00
Zurich	100.00	100.00	100.00

NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a year.
The Associated Press.

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	125.00	1,200,000
Microsoft	55.00	54.50	54.75	54.75	1,100,000
Apple	45.00	44.50	44.75	44.75	1,000,000
Oracle	35.00	34.50	34.75	34.75	900,000
Amazon	25.00	24.50	24.75	24.75	800,000
Google	15.00	14.50	14.75	14.75	700,000
Yahoo	10.00	9.50	9.75	9.75	600,000
Alibaba	5.00	4.50	4.75	4.75	500,000
Facebook	3.00	2.50	2.75	2.75	400,000
Twitter	2.00	1.50	1.75	1.75	300,000

Stock	High	Low	Open	Close	Volume
Microsoft	55.00	54.50	54.75	54.75	1,100,000
Amazon	25.00	24.50	24.75	24.75	800,000
Google	15.00	14.50	14.75	14.75	700,000
Yahoo	10.00	9.50	9.75	9.75	600,000
Alibaba	5.00	4.50	4.75	4.75	500,000
Facebook	3.00	2.50	2.75	2.75	400,000
Twitter	2.00	1.50	1.75	1.75	300,000
LinkedIn	1.00	0.50	0.75	0.75	200,000
Slack	0.50	0.25	0.35	0.35	100,000
Zoom	0.25	0.15	0.20	0.20	50,000

Stock	High	Low	Open	Close	Volume
IBM	125.25	124.75	125.00	125.00	1,200,000
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Alibaba	5.00	4.50	4.75	4.75	500,000
Facebook	3.00	2.50	2.75	2.75	400,000
Twitter	2.00	1.50	1.75	1.75	300,000
LinkedIn	1.00	0.50	0.75	0.75	200,000
Slack	0.50	0.25	0.35	0.35	100,000
Zoom	0.25	0.15	0.20	0.20	50,000

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Facebook	3.00	2.50	2.75	2.75	400,000
Twitter	2.00	1.50	1.75	1.75	300,000
LinkedIn	1.00	0.50	0.75	0.75	200,000
Slack	0.50	0.25	0.35	0.35	100,000
Zoom	0.25	0.15	0.20	0.20	50,000

NYSE

Wednesday's 4 P.M. Close
(Continued)

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Slack	0.50	0.25	0.35	0.35	100,000
Zoom	0.25	0.15	0.20	0.20	50,000

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ASIA/PACIFIC

Seoul Tries to Tackle 'Spiral of Recession'

Stimulus Plan Aims to Perk Up Economy

By Don Kirk
International Herald Tribune

SEOUL — The government on Wednesday announced a broad package for pumping new life into a dangerously sluggish economy, which recorded a 6.6 percent annualized drop in second-quarter gross domestic product.

The plan calls for investing heavily in government projects, easing credit restrictions, lowering interest rates and increasing the money supply to stimulate industry, consumer spending, real estate and banking.

Finance Minister Lee Kyn Sung presented the plan to President Kim Dae Jung and his top aides with the warning that "increasing economic uncertainty and the continuing credit crunch are feared to be leading to a vicious spiral of recession."

An economic adviser, You Jong Keun, said that at the meeting he had called for heavy government investment to spur the economy after months of worsening stagnation.

Among other things, the plan seeks to reverse a sharply downward trend in corporate investment by extending \$4.7 billion in new loans, including \$2.7 billion from the Korea Development Bank and another \$2 billion from the U.S. Export-Import Bank.

"We should not be too cautious in this time of a rapid deflationary spiral," said Mr. You, likening the struggle to a military campaign, drawing analogies from the Vietnam and Gulf wars. "We should not replicate the U.S. policy of a piecemeal reaction. We should take the Desert Storm approach. If you commit enough resources, you win the war."

But analysts questioned whether the latest plan will be effective. "It is not enough," said Lee Han Goo, president of the Daewoo Research Economic Institute. "Things will get worse."

Stephen Marvin, chief of research at Jardine Fleming Securities, said the plan was "tiny compared to what needs to be done" — forcing money-losing companies to shut.

Placing domestic corporate debt at about \$500 billion, Mr. Marvin said that Korean leaders lack the political will to stop supporting the losers with new credit.

Mok Young Chung, banking analyst at ING Baring Securities, warned of the danger of deflation

exacerbated by an increase in non-performing loans. The Finance Ministry plan "will generate pressures on the economy" that might worsen the problem, he said.

One of the plan's priorities is to generate consumer spending, which dropped 12.9 percent in the second quarter.

To achieve that goal, the Bank of Korea dropped the discount rate for commercial banks from 5 percent to 3 percent, enabling them to extend credit at lower rates. The Finance Ministry also promised to increase the amount of money in circulation by 25 percent.

The plan also seeks to bolster small and medium-size enterprises, among the hardest hit by recession, by raising the total ceiling on loans by nearly \$2 billion.

At the same time, Korea's top five conglomerates were expected to announce a consolidation of some of their money-losing entities, another priority of the government.

The Hyundai Group, the country's largest conglomerate, reportedly agreed that Hyundai Oil Co. would take over Hanwha Energy Co., which is on the brink of bankruptcy. Hyundai Heavy Industries was prepared to join with Samsung Heavy Industries and Daewoo Heavy Industries, entities of the second and third-largest conglomerate, on joint production of ship engines, while Hyundai Precision & Industries planned to join with Daewoo Heavy Industries on producing railroad cars.

But executives reportedly wrangled over conditions for merging Hyundai Electronics Industries' semiconductor division with LG Semicon, part of the LG Group, the fourth-largest conglomerate.

Hong Kong Plans 2d Exchange

Government Seeks to Impose Restriction on Short-Selling

Compiled by Our Staff From Dispatches

HONG KONG — The Hong Kong Stock Exchange said Wednesday that it was setting up a panel to prepare detailed proposals for a second stock market in a move to increase competitiveness and reduce dealing costs.

A second board in competition with the Hong Kong Stock Exchange would end the exchange's 12-year monopoly.

Hong Kong's government, meanwhile, continued its effort to end stock speculation by tightening rules on short-selling.

The stock exchange said after the market closed that it was re-instating the "tick rule," effectively barring short-selling in a falling market. The exchange said the rule change, which needs approval from the Securities and Futures Commission, was aimed at

maintaining an orderly market.

Earlier Wednesday, the exchange also moved to clamp down on investors violating existing short-selling rules. In a statement, it said it had temporarily suspended short-selling of shares in HSBG Holdings PLC, Hong Kong Telecommunications Ltd. and China Telecom, with immediate effect.

The exchange made the decision as a result of a huge backlog of unsettled short positions in the three blue-chip stocks, it said in a statement.

The moves to crimp short-selling helped lift the Hang Seng index by 4.15 percent, to 7,355.67 points, its biggest one-day gain since the government began buying stocks in an effort to thwart speculators on Aug. 14.

Short-sellers profit by selling

borrowed stocks and then buying them back at a lower price. Stock lenders, typically pension funds, insurance companies, and mutual funds that arrange the sales through a broker, earn money on such trades through the interest rates they charge borrowers.

Brokers said huge short positions were taken out Friday in the belief that the government's two-week buying spree would come to an end and that they would reap huge gains from a major drop in the index on the following Monday.

Under stricter settlement rules pushed through after Friday, those positions are now required to be settled within two days. But some investors who sold short into the market are now having to cover those positions by buying.

(AP, Bloomberg)

Indonesian Airline to Lay Off 3,000

Compiled by Our Staff From Dispatches

JAKARTA — PT Garuda Indonesia said Wednesday that it would lay off at least 3,000 of its nearly 13,000 employees beginning in early October to counter falling passenger traffic and rising costs.

The debt-laden airline has fallen victim to Indonesia's worst economic turmoil in decades.

At the root of Garuda's problem is the weak rupiah — the currency has lost 72 percent of its value against the dollar in the past year, with the dollar at 10,900 rupiah on Wednesday. That makes the parts it buys from foreign suppliers four times more expensive.

Most of the costs of running the

airline, from paying for landing rights abroad to fuel and maintenance, are paid in dollars, while Garuda's sales are primarily in rupiah. That has opened up a chasm between what it spends and what it earns.

Robby Djohan, president of the airline, said the layoff process would be gradual and some workers might be moved to Garuda subsidiaries or to its maintenance facility at Jakarta's international airport. But Garuda plans to sell the \$300 million facility as a cost-cutting measure.

Mr. Djohan said he was confident that creditors would agree with Garuda's proposal to roll over up to

\$300 million of the airline's \$400 million in overseas debt.

"They must accept it," Mr. Djohan told the Jakarta Post. "After all, they gave us short-term loans when they knew that the loans would be used for long-term programs."

Although Garuda has been able to rely on government support in the past, Jakarta is no longer in a position to keep the carrier afloat. Indonesia is struggling to fund basic services and feed its 202 million citizens.

Garuda has cut domestic and international routes. It has raised fares for domestic flights 40 percent and will increase them another 20 percent in December. (Bloomberg, AP)

Hitachi and Mitsubishi Electric to Close Chip Plants in U.S.

Compiled by Our Staff From Dispatches

TOKYO — Two of Japan's biggest semiconductor makers, Hitachi Ltd. and Mitsubishi Electric Corp., said Wednesday they would close plants and fire workers in the United States because of weak prices for computer memory chips.

Hitachi, Japan's largest electronics maker, said it will combine two of its U.S. units, cutting about 650 jobs and closing a memory-chip plant in Texas. Mitsubishi Electric plans to close a memory-chip assembly plant in Durham, North Carolina, eliminating 230 jobs.

Memory chips have collapsed in price over the past three years, badly hurting firms that invested heavily in them, banking on high prices and strong demand.

"The semiconductor memory market, especially the DRAM segment, has seen a significant loss of revenue over the past three years," Mitsubishi said. "The price-per-bit for memory today sits at about 20 percent of the normal trend line needed for a healthy, growing industry."

Hitachi plans to merge its Hitachi Semiconductor unit with Hitachi Micro Systems Inc., based in California, in October. The merged

company will focus on the design and development of microchips, resulting in a net reduction of Hitachi's global microchip output, the company said. Hitachi Semiconductor currently makes memory chips and microcomputers for home appliances.

With the production halt in the United States, Hitachi's production bases for semiconductors are now in Japan, Germany and Singapore, it said.

Mitsubishi Electric, meanwhile, said it will close the Durham plant Nov. 6 as part of a plan to centralize memory-chip assembly and test operations in Nagano, Japan. (AP, Bloomberg)

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
12000	1700	16750
10800	1500	16000
9600	1300	15250
8400	1100	14500
7200	900	13750
6000	700	13000
1998	1998	1998
Exchange	Index	Wednesday Prev. % Close Change
Hong Kong	Hang Seng	7,355.67 7,062.47 +4.15
Singapore	Straits Times	827.85 885.26 -6.49
Sydney	All Ordinaries	2,516.80 2,458.20 +2.35
Tokyo	Nikkei 225	14,576.82 14,369.63 +0.05
Kuala Lumpur	Composite	284.59 282.70 +12.14
Bangkok	SET	207.59 211.09 -1.66
Seoul	Composite Index	314.40 309.71 +1.51
Taipei	Stock Market Index	6,471.69 6,335.09 +2.16
Manila	PSE	1,197.77 1,181.76 +1.36
Jakarta	Composite Index	329.63 326.85 +1.16
Wellington	NZSE-40	1,802.54 1,788.06 +2.41
Bombay	Sensitive Index	2,886.91 2,862.65 +0.85

Source: Telekurs

Very briefly:

• Thai prosecutors have found billions of baht worth of overseas assets belonging to suspects in a Thai bank scandal and ordered them frozen. A Thai newspaper, The Nation, reported. The Nation reported that several politicians were among the suspects in the scandal, which involved borrowing money from the Bangkok Bank of Commerce with insufficient collateral and never repaying it. No names were given. The revelation in 1996 of the extent of the bank's bad debt triggered a loss of confidence in the banking system that led to the floating of the baht a year later, which marked the beginning of the Asian economic crisis.

• Wharf Holdings Ltd., a Hong Kong conglomerate, had first-half net profit of 1.36 billion Hong Kong dollars (\$175.6 million), down 39 percent from a year earlier, when the company recorded a big one-time gain from a sale of stock.

• Indonesia's attorney general's office questioned two top executives of troubled Indonesian banks — Hashim Djohadikusumo, vice president of Bank Pelita, and Samadikun Hartono, chief commissioner of Modern Bank — in an investigation into charges of misuse of liquidity extended by the central bank. The Antara news agency reported.

• Taiwan's economy will grow at 5.32 percent in 1999 — lower than previously forecast — as recession across Asia crimps the outlook for exports, according to the government's Council for Economic Planning and Development.

• Ayala Land Inc., a developer in the Philippines, dropped plans to buy a stake in C&P Homes Inc., the Philippines' largest home builder, citing a collapse in C&P stock. Ayala stock has also plummeted.

• American Home Assurance Co.'s auto insurance revenue in Japan jumped tenfold in the past business year, as motorists responded to price competition for collision insurance. Last September the government stopped requiring insurers to charge uniform rates.

• India's state-owned and private steel companies, facing plunging profits, will begin a joint campaign to revive sales and exports.

AFP, AP, Bloomberg

MALAYSIA: Anwar Is Ousted

Continued from Page 1

has said, the region risks being "recolonized" by Western powers eager to buy up cheap assets. Malaysia has many of the same problems facing Thailand and Indonesia — high levels of debt and bad loans — but has rejected the idea of seeking IMF help.

Nonetheless Mr. Anwar, in his role as finance minister, pursued policies that were similar to those in Indonesia and Thailand — IMF-style measures without the IMF.

"For the first 12 months of this crisis, Malaysia has been moving back and forth because a debate has gone on within the country," Mr. Segal said. "What we are now going to see is a clear test." Mr. Mahathir's vision — which flies in the face of conventional IMF-style economics — was laid out on Tuesday.

The prime minister banned any trading of the ringgit abroad and said all Malaysian currency held outside of the country must be repatriated before Oct. 1. The estimated 20 billion ringgit (\$5.26 billion) held abroad would help reflate Malaysia's cash-strapped economy, Mr. Mahathir said.

The move effectively insulates the ringgit from the world's currency markets. The central bank Wednesday pegged the currency at 3.8 to the dollar indefinitely.

By putting Malaysia in this currency cocoon, Mr. Mahathir hopes that interest rates can be lowered and money can be pumped into the economy without the risk of the ringgit losing its value — as would happen if it were openly traded.

It is a plan that would help rescue the captains of Malaysian industry from their deeply indebted positions — men often hand-picked by Mr. Mahathir.

Opposition to the currency controls ran deep at the coun-

try's central bank. The bank's governor and his deputy resigned last Friday to avoid implementing the plan.

Analysts outside the country say Malaysia's plan can only work if companies that are not viable are shut down — not simply resuscitated with the cash that will be pumped into the economy.

"I'm very much afraid that this is an act of trying to avoid the tough steps that have to be taken," said Dave Carbon, chief economist for Asia at Credit Lyonnais Securities in Singapore.

"The Malaysian economy has some real problems with it — things are broken," he said. "When the engine is broken and you step on the gas, the car just doesn't move."

Tim Condon, regional economist at Morgan Stanley, Dean Witter & Co. in Hong Kong, warned that lowering interest rates could flood the system with cash and lead to inflation.

"If inflation accelerates and if savers are getting a negative return on their savings," he said, "there's going to be tremendous incentive to take your money and hold it in foreign assets." Only then would Malaysia's experiment be put to the test. Tuesday's rules are designed to discourage Malaysians from taking their money abroad. Indeed, they are banned from taking more than the equivalent of 10,000 ringgit out of the country.

But if the incentive to park savings abroad becomes too great — the currency becomes overvalued in the eyes of Malaysians — holes could emerge in Malaysia's new currency system.

"The incentive to cheat in these kinds of capital control regimes is a direct function of how overvalued your currency is," Mr. Condon said. "By pegging, they've made it easier for the currency to become overvalued."

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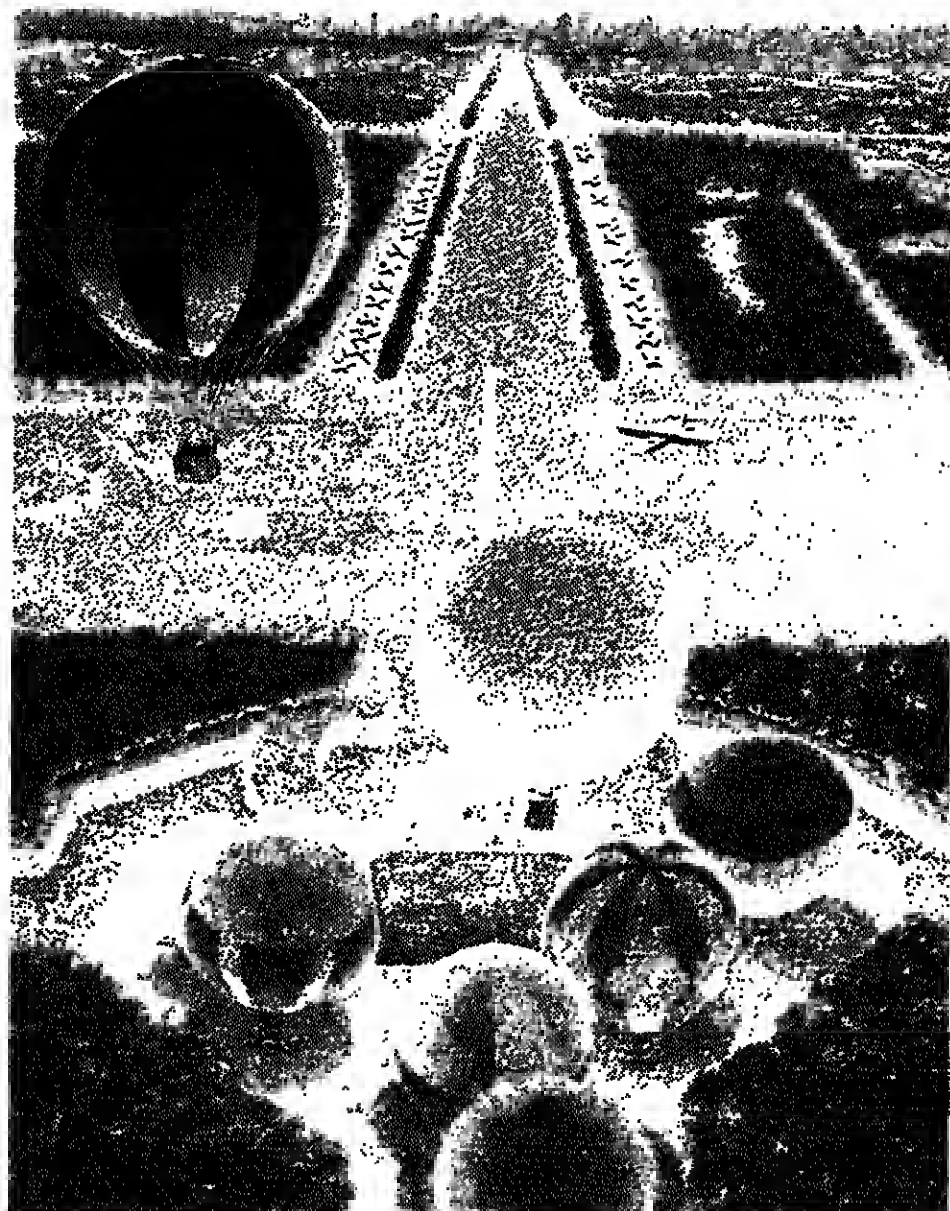
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- 7PM Take off of « La Poste » balloon with letters mailed on site.
- 8PM Inflating of gas and tethered hot-air balloons.
- 11PM Take off of the 22 Gordon Bennett Cup competitors.

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WORLD ROUNDUP

English Authorities Warn Top Clubs

SOCCER Players with teams competing in an unsanctioned European Super League would be banned from playing for England, the country's Football Association said on Wednesday.

Clubs that took part would also be banned from all English domestic competitions. The F.A. said it believed that other countries would follow suit, either voluntarily or by a decree from FIFA, the governing body of world soccer.

Steve Double, an F.A. spokesman, said the F.A. was following FIFA's position on clubs operating outside existing governing bodies.

Keith Wiseman, the F.A. chairman, said he expected the clubs to come to a compromise with UEFA, the governing body of European soccer, and agree to a league that would start within the next few years. (Reuters)

Cary Middlecoff, 77, Dies; Won Masters and 2 Opens

GOLF Cary Middlecoff, 77, the dentist who won the 1955 Masters and two U.S. Open titles, died Tuesday of heart failure at Alton Memorial Health Center in Memphis, Tennessee.

He won 40 professional golf tournaments, including the 1949 and 1956 U.S. Opens, and is tied for seventh on the PGA Tour's career victory list. When back surgery forced Middlecoff to retire in 1963, he had about \$290,000 in career earnings and was among the leading career money winners.

"He was a long, straight driver and long-iron player and a great putter," said Tommy Bolt, 82, who played on the tour with Middlecoff. (AP)

Comets Keep WNBA Title

BASKETBALL The Houston Comets won the Women's National Basketball Association championship Tuesday with an 80-71 victory over the Phoenix Mercury in Houston. The Comets also won the title last year in the WNBA's inaugural season. Cynthia Cooper, the MVP in both the league's seasons, scored 23 points and Cheryl Swoopes led a late second-half charge.

Houston beat Phoenix in the best-of-3 series after dropping the opener on the road. (AP)

Freshman Players Hazed

FOOTBALL Alfred University in Alfred, New York, has forfeited a game after five players were charged with hazing younger players. One student was expelled after a party Saturday at a residence off campus that ended with five freshmen requiring treatment for suspected alcohol poisoning, university officials said.

Edward Coll Jr., president of the Division III university, said Tuesday that the team would forfeit Saturday's game to Susquehanna.

One of the freshmen at the party told The Evening Tribune of Hornell, New York, that about 50 to 60 players were tied up and told to drink alcohol or be forced to drink water until they vomited. (AP)

Graf Leads a Sprint By the Top Women

Schnyder and Van Roost Win Quickly; In Men's Play, Karbacher Upsets Korda

Compiled by Our Staff From Dispatches

NEW YORK — The road into the women's third round at the U.S. Open was an expressway for Steffi Graf and the other top women Wednesday. Ai Sugiyama, however, ran into a snag.

Graf, the eighth seed, took only 41 minutes to zip past a German compatriot, Marlene Weingartner, 6-0, 6-1; No. 11 Patty Schnyder of Switzerland ousted

the world, had come through the qualifying tournament. He served 15 aces and took advantage of 57 unforced errors by the Czech to win in two hours and eight minutes.

Karbacher, 30, has played only 10 matches on the ATP Tour all year — and only won four of them. He missed 4½ months with heart problems.

"I like the surface," Karbacher said of the asphalt courts. "I like the city, and I am always looking forward to come here. When you come to a tournament you like, then you play better."

Korda, also 30, swept through the first set in 36 minutes and broke Karbacher in the second game of the second set to take a 2-0 lead. But the German broke right back and started hitting ground strokes deeper and taking charge of the points.

"I started playing more aggressive and played some good shots in this game," Karbacher said. "Then I started to think different."

"I was struggling every game," Korda said. "Whatever I did today, I did wrong."

"It's a big disappointment," he said. "I'm very tired. Mentally, it was like one bad game and everything went downhill."

Tim Henman, seeded No. 13, subdued Scott Draper of Australia, 6-3, 7-6 (7-4), 7-6 (7-3). Henman grabbed momentum on the final point of the second set, hitting a backhand winner off the net cord past Draper.

Michael Chang, who was seeded No. 2 in 1997 but is unseeded this year, beat Eyal Erlich of Israel, 6-1, 6-3, 6-1. (AFP, AP, Reuters)



Tim Henman of Britain hitting a forehand Wednesday to Scott Draper of Australia. Henman won in four sets.

U.S. Open Tennis Scoreboard

WEDNESDAY IN NEW YORK	WEDNESDAY IN NEW YORK	WEDNESDAY IN NEW YORK	WEDNESDAY IN NEW YORK
MEN'S SINGLES, FIRST ROUND	MEN'S SINGLES, FIRST ROUND	MEN'S SINGLES, FIRST ROUND	MEN'S SINGLES, FIRST ROUND
David Karbacher, Ger., def. Petr Korda (4), Czech R., 2-6, 6-3, 6-3, 6-1; Tim Henman (13), Brit., def. Scott Draper (AUS), 6-3, 7-6 (7-4), 7-6 (7-3); Ai Sugiyama (16), Jpn., def. Marlene Weingartner, Ger., 6-0, 6-1; Michael Karbacher, U.S., 7-6, 6-3, 6-4, 6-1; Michael Chang, U.S., def. Eyal Erlich (ISR), 6-1, 6-3, 6-1; Franchesca Clovel, Sp., def. Andrei Pavel, Rom., 6-7 (10-12), 6-4, 7-6 (7-3); Nicolas Pietrangeli, Ger., def. Lloyd Rouse, Fr., 6-4, 6-3, 6-1.	MEN'S SINGLES, SECOND ROUND	MEN'S SINGLES, SECOND ROUND	MEN'S SINGLES, SECOND ROUND
Gola Leon Garcia, Sp., def. Ai Sugiyama (16), Jpn., 2-6, 6-3, 6-3, 6-1; Tim Henman (13), Brit., def. Scott Draper (AUS), 6-3, 7-6 (7-4), 7-6 (7-3); Ai Sugiyama (16), Jpn., def. Marlene Weingartner, Ger., 6-0, 6-1; Michael Karbacher, U.S., 7-6, 6-3, 6-4, 6-1; Michael Chang, U.S., def. Eyal Erlich (ISR), 6-1, 6-3, 6-1; Franchesca Clovel, Sp., def. Andrei Pavel, Rom., 6-7 (10-12), 6-4, 7-6 (7-3); Nicolas Pietrangeli, Ger., def. Lloyd Rouse, Fr., 6-4, 6-3, 6-1.	John Novotny, Czech R., def. Amelie Colchetas, Fr., 6-2, 7-6.	def. Vince Spadeo, U.S., 6-4, 6-1, 6-2; Fabrice Santoro, Fr., def. Michael Lapsky, Ecw., 4-6, 7-6, 6-3, 3-6, 7-6 (7-4); Marcello Filippini, Urug., def. Franco Squitieri, Arg., 7-6 (7-5), 6-0, 6-1; Amelie Colchetas, Fr., def. David Whitcomb, U.S., 6-4, 6-1, 6-4; Michael Karbacher, U.S., def. Todd Woodbridge, Aus., 6-7 (5-7), 7-6 (7-4), 6-4, 6-1; Magnus Norman, Swe., def. Daniel Nestor, Can., 7-6 (7-3), 6-7 (4-6), 6-7 (4-7), 6-4, 6-4; Patrick Rafter (C), Aus., def. Hicham Arazi, Morocco, 4-6, 6-4, 6-3, 6-3, 6-1.	def. Karin Muller, U.S., 6-4, 6-2; Roberto Sanchez, Romania, def. Lionel Herr, S. Africa, 6-4, 6-4; Nathalie Tauziat (10), Fr., def. Plant Parrot, Neth., 6-3, 6-2; Conchita Martinez (7), Sp., def. Miriam Oremans, Neth., 6-1, 6-2; Anna Kournikova (15), Rus., def. Lea Gimenez, Fr., 6-1, 6-3; Sarah Pittman, Fr., def. Karina Habesova, Slovakia, 1-6, 7-5, 6-3; Cara Black, Zim., def. Vanessa Webb, Can., 6-4, 6-2; Lindsay Davenport (2), U.S., def. Catherine Crutcher, Rom., 6-0, 6-2; Virginia Ruano Pascual, Sp., def. Jane Nejedlik, Can., 6-3, 6-2; Amanda Coetzer (10), S. Africa, def. Sandra Cecic, U.S., 6-1, 7-6 (7-3); Anne Kremer, Lux., def. Yuyek Basuki, Indonesia, 6-4, 5-7, 7-5; Hana Mandlikova, Slovakia, def. Adriana Panu, Czech R., 6-2, 6-4; Arantxa Sanchez Vicario (4), Sp., def. Katrina Broad, U.S., 6-2, 6-2; Tom Snyder, U.S., def. Andrea Giam, Ger., 6-4, 6-1; Venus Williams (5), U.S., def. Elena Wagnon, Ger., 6-1, 6-4; Chanda Rubin, U.S., def. Fang Li, China, 6-2, 6-2.

Rafter Totters As He Starts Title Defense

By Jennifer Frey
Washington Post Staff Writer

NEW YORK — Unaware that no U.S. Open champion had ever lost in the first round the following year, Patrick Rafter, the 1997 titlist, nearly did just that.

His classic serve-and-volley game missing its usual pretty volleys, he was down two sets to Hicham Arazi of Morocco in the night match on Tuesday on the verge of losing serve in the third. But the No. 3 seed pulled himself together and watched Arazi collapse, 4-6, 4-6, 6-3, 6-3, 6-1.

"I think it'll sink in tomorrow, how big an effort it was," Rafter said. "I was really getting outplayed. He was just too good for me."

Rafter started to turn the match in the third set, when he was serving at 3-3, 15-40 but rallied to survive that game and break Arazi — on his first break point of the match — in the next one.

Rafter closed out the set at 6-3 with a terrific point that finished with a lob sailing over Arazi's head and a huge grin on Rafter's face.

By that point, Arazi was nervous. He lost his composure when a close call went against him in the fourth set. He berated the chair umpire, Norm Chryst,



Patrick Rafter celebrating a point in his victory over Hicham Arazi.

during the changeover, then never seemed to settle down. He was broken again to lose the fourth set, 6-3, then bristled when Chryst tried to talk to him during the next changeover.

"I don't care!" Arazi said, dismissing Chryst with an angry wave of his hand. "Doo! try and talk to me!"

Arazi got steamed at another call in the fourth game of the fifth set, and when he lost the game (Rafter broke him to go up 3-1) he threw his racket onto the court, then picked it up and threw it toward his chair, then kicked it wildly, then settled into his chair — there was no changeover — and started cursing Chryst, but did not suffer a penalty.

Tennis Titles Won on Massage Table

By Christopher Clarey
International Herald Tribune

NEW YORK — Jonas Bjorkman had just finished his first-round victory over Cedric Pioline in five sets, but inside the men's locker room, as Bjorkman remained standing to avoid cramping, his workout was far from over.

What lay ahead for the Swedish star was a short jog, stretching, rehydration, massage and treatment on the left thigh, which began troubling him in the latter stages against Pioline on Tuesday. In all, the process would take as long as Bjorkman's 2-hour-59-minute victory.

In Grand Slam events, where men's matches are three of five sets, powers of recuperation are essential and the therapy means available to players have changed dramatically in recent years.

Some pros, such as Todd Martin, travel with portable electric stimulators, which speed muscle recovery. There is a widespread use of nutritional supplements, including creatine, and protein drinks after matches to replenish lost or damaged amino acids and to help the body rebuild muscle tissue.

"Seven years ago, players would just be getting it out with water and bread and bananas," said George Fareed, a California doctor who works with the U.S. Davis Cup team.

Before 1993, there were no full-time massage therapists for the men at the U.S. Open. Now there are 24, and at

least six times that many clients, which makes for a busy training room in the early rounds.

"There are a lot of things you can't control in tennis: the quality of the opponent, the let cords on important points," said Todd Snyder, who has been Pete Sampras's personal trainer for the last four years. "But the one thing you can control is your body, and you have to look out for it."

Snyder was looking out for Sampras at the U.S. Open in 1996 when he staggered into the training room cramping and dehydrated after a five-set test of endurance and character against Alex Corretja in the quarterfinals.

After receiving fluids intravenously — an extreme and relatively rare remedy for dehydration on tour — and working with Snyder late into the evening, Sampras recovered enough to win his last two matches and fourth Open singles title.

"I think one of the areas where guys have really improved is that they realize their preparation for a match starts as soon as the last match is over," said Doug Spreen, an athletic trainer with the Association of Tennis Professionals.

Fareed said he knew that some players were taking large doses of creatine, a legal supplement that helps build muscle mass and energy reserves.

"It should be used cautiously in tennis," he said. "I recommend no more than five grams a day, but I suspect

some players have been using 30 to 50 grams."

The moment Sampras walks off the court at a Grand Slam event, Snyder hands him a drink containing the electrolytes that players lose in abundance. Snyder then helps Sampras stretch for about 15 minutes.

After that, Snyder gives Sampras a 30-minute massage. Sampras will begin eating and continue drinking during the massage. Only after it is finished does Sampras meet the media. Then he and Snyder head for a nearby restaurant to eat a carbohydrate-rich meal. Pasta and pancakes are Sampras staples, and if Sampras has played a night match, this meal may be eaten well after midnight.

Sampras is still not finished. When he returns to his hotel after dinner, Snyder gives him a second massage, and this one will last about 90 minutes.

For every star who pays close attention to recovery, there is a newcomer who has yet to grasp its importance. On Monday, after the American Bob Bryan played and won his first Open singles match in five sets, he signed autographs and then walked wearily but happily into the press center to do interviews for 25 minutes. "I'm blacking out up here," he said at one stage, explaining that he had not eaten anything since early morning. "I don't know how I'm going to feel tomorrow," Bryan said later, as he dug into his pasta. "But I think it's going to feel like I played a whole tournament."

As Season Starts, Buckeyes Are No. 1 on Paper — but That's Not Good Enough

Washington Post Service

WASHINGTON — There's every reason to believe that the Ohio State Buckeyes deserve the No. 1 ranking virtually everyone is giving them as the college football season begins in earnest this weekend. Twenty starters return from the team that won 10 games last year, and the four new starters, including specialists, were big-time reserves last season. The Buckeyes have a quarterback who was No. 3 nationally in pass efficiency, a running back who averaged 5.6 yards and rushed for six touchdowns as a part-timer, a wide receiver about to crash Chris Carter's career records, and a linebacker whose coaches will tell you he is the fastest, fiercest and hardest-hitting at his position to come out of the Big Ten since Dick Butkus.

Ohio State plays all but one of its toughest games at home, including matches with Penn State, Michigan State and Michigan. Coach John Cooper says he's got more good young players

than he's ever coached in Columbus. And the Buckeyes ought to be properly motivated, still seething over having lost once again to Michigan in the season's Big Game.

And with all that working in its favor, I'd pick the Buckeyes to finish — well, anywhere except No. 1.

Ohio State has the same problem Nebraska had a few years ago, the same problem Michigan had going into last season. Failure To Deliver. Too Many Promises Unfulfilled. It's plagued the Buckeyes for, oh, 30 years. The Buckeyes have got the best team on paper, but this isn't the first time. They have to show us. If they can go undefeated with that killer schedule, which begins Saturday night at West Virginia, they will have carried the burden of proof, and God bless 'em. Personally, I'd have to see them beat Michigan and at least make it to the Fiesta Bowl before buying into any of the hype.

This also presumes that Andy Katz-meyer will be eligible to play. Big

Vantage Point/MICHAEL WILSON

Kat, as the linebacker is called in the great Midwest, had to do well enough in his summer school courses — Golf 1, Music 140 and AIDS: What Every College Student Should Know — to raise his cumulative GPA to 2.0. I'm serious. Remember this the next time the announcer keeps blathering on and on about these "great student-athletes" during your Saturday broadcast.

Every time one of these academic stories comes up, there's a rush to blame somebody. But if Golf 1 is offered to the student body at large, you can't blame Katz-meyer for taking it. I'll bet he isn't the only kid in the class. Does it say something about Ohio State? Maybe, maybe not. I remember taking "Physics of Music" at Northwestern, the hoity-toity school of the conference, and having it count toward my math/science requirement. We called these courses Micks, short for "Mickey Mouse" classes, the

easiest to pass. The question for anybody at any school, ultimately, is how many Micks can you have and still earn a respectable degree? And do jocks like Big Kat have a disproportionate share?

On some level, Katz-meyer is using Ohio State in about the same way the university is using him. The school is making millions off him while he's making the school allow him to major in football. That deal may have gone to his head. He was quoted as saying in Sports Illustrated, "Every 10 or 15 years, a new breed of athlete comes along: bigger, faster, stronger. I see myself as a new breed."

The last time a linebacker from middle America was so full of himself, I think, was Brian Bosworth. Remember him? I didn't think so. A dozen years ago, Bosworth thought he was a new breed and that lasted until Bo Jackson took his head off on "Monday Night Football" and

the next thing you know, ol' Bo was hugging the seat of a motorcycle in B movies. Hey, Big Kat may be the real deal. But having grown up in the Midwest and having attended a Big Ten school, I can tell you with some certainty that overhyped Midwest linebackers are like overhyped point guards from New York City. Big Kat had a kooky total of two sacks last season. Let this kid run down a running back or two from Florida State or Florida in January and I'll tip my hat to him. I hope the kid is eligible, so we can see what he's got.

With Big Kat, Ohio State ought to be in there slugging it out for No. 1. But I'd take Florida State, Florida and Nebraska ahead of the Buckeyes, and I'm tempted to put Kansas State and UCLA ahead of them, too.

The problem for K-State and its talented quarterback, Michael Bishop, is that the Wildcats have got to beat Nebraska at some point. This is probably the year to do it, though, since the game is in Manhattan and since the Huskers have

eight new starters on offense, including Bobby Newcombe, the quarterback who had completed one pass in his career before this season, and — oh! — a new coach in Frank Solich, who wisely answers more than a few questions with, "We'll do what Tom did," referring to his predecessor, Tom Osborne.

It's silly to pay attention to how many people the Seminoles and Gators lose, because they keep replacing the guys who left with players who are just as good or better.

Though Ryan Leaf and Peyton Manning have gone, it's not a bad year for quarterbacks from K-State (Bishop) to UCLA (Cade McNown) to Arizona State (Ryan Keshel) to Kentucky (Tim Lincecum) to Syracuse (Donovan McNabb) to Washington (Brock Huard) to Missouri (Corby Jones) to Central Florida (Daunte Culpepper) to Ohio State's Joe Germaine, who will begin in the spotlight that he'd gladly share with a Big Kat waiting to find out if lessons learned will allow him to pounce.

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SCOREBOARD

BASEBALL

NEW YORK YANKEES 5, PITTSBURGH PIRATES 4

ST. LOUIS CARDINALS 6, CINCINNATI REDS 5

ATLANTA BRAVES 7, MIAMI MARLINES 6

PHILADELPHIA PHILLIES 4, PITTSBURGH PIRATES 3

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ART BUCHWALD

Kremlin Tête-à-Tête

NEW YORK — What happens when a great man of the West meets a great man of the East?

"Ah, Mr. President, it is so nice to have you in the Kremlin. Can I offer you a glass of vodka?"

"That would be nice."

"That was a joke — we have no vodka."

Ever since the ruble had a free fall, we can't find any in Moscow. What about a tea bag? These were only used once by the chancellor.

"That sounds good."

"It would be good if I had any lemon to offer with it. Mr. President, things are not going well here. Do you see those security men standing around to protect me? Well, they wouldn't make a move if someone threatened me."

"Why not?"

"They haven't been paid in three months. All they do now is stand around and stare at me. I wouldn't count on the security people whom we as-

signed to protect you, either."

"I didn't know things were so bad in Russia."

"It's not Russia, it's the ruble. All the foreign banks loaned money to us to make big profits. But instead of us using the money to finance the Russian economy, we produced Russian billionaires."

"Whiskey?" asks Wislawa Szymborska.

It is nearly impossible to get here. Only good friends have her phone number. As a further screen, the voice on the answering machine is her male assistant's. The buzzer for her apartment has a name that is not hers. It's as if she's in hiding.

"This is really a small town, and sooner or later you run into everybody — in a bookstore or at a poetry reading or in the central square," says Magda Heydel, a Krakow translator who is serving as interpreter today. "But no one ever runs into Szymborska."

In 1996 she won the Nobel Prize for literature, and now everyone wants to see her while she, as usual, wants to see no one.

Her popularity in America — one collection has sold more than the latest by Norman Mailer, Gore Vidal and John Updike combined — is a source of special wonder. Poetry is such a private thing, and Polish such an obscure language — and now to hear that her poems were being sold in this coffee shop chain called Starbucks. It's very strange.

One day long ago, she appeared before two audiences. "After the first reading, someone said, 'Why are your poems so sad? We need some consolation, some humor in life,'" she remembers. "And at the other reading, with the same poems, someone said, 'Why are your poems so happy and funny, when life is so sad?' I concluded that this was what I was aiming at — poems that are ambiguous, that are both happy and sad, like a coin with two sides."

But this is about as far as she'll go in analyzing her work. Instead she bustles about, supplying juice,

Wisława Szymborska's Poetry of Solitude

By David Streitfeld
Washington Post Service

KRKOW, Poland — The most popular poet in America lives in an ugly new concrete building on the outskirts of this alluring old city. Her apartment is comfortable but plain; her writing desk has a view of the parking lot. She speaks only one word of English.

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But this is about as far as she'll go in analyzing her work. Instead she bustles about, supplying juice,

coffee, cookies and finally Armagnac, although it's not quite noon.

Anything to avoid talking about verse. It's downright puzzling. Poets are usually the fiercest advocates for the worth of their work, if only because no one else is interested in the job. Szymborska's compatriot Czesław Miłosz once wrote: "What is poetry which does not save Nations or people?" and answered scornfully: "A connivance with official lies ... Readings for sophomore girls."

Yet Szymborska, despite her popularity and that Nobel, is different. "If my poetry is useful in any way, if it helps people, I'm very happy. But poetry is not the most important thing in life. In any human life, there's a lot of important things. You can't say there's just one."

Even pressed on this point, she doesn't yield. "I believe in poetry," she says, "but just a bit."

From the beginning, she was successful. "My father liked funny little poems. If I composed anything, I got some pocket money. You could say I started making my living as a poet from the age of 5," she smiles.

He didn't notice that sometimes I gave him the same poem twice.

Born in 1923, she moved here with her parents when she was 8. She attended Jagiellonian University, the best in Poland, and became part of a writers' circle. In 1945, her first published poem appeared.

Almost one-fifth of the country's population was killed during World War II; a vibrant Jewish culture snuffed. All this changed the poets: The flowery language stylish a decade earlier was deemed too artificial, too formal, too lyrical in the face of all this devastation. A plain-spoken approach was considered the only honest one.

Meanwhile, it was the bright new communist day. By 1949, Szymborska had published enough to fill a first collection, but her work didn't betray enough reformist zeal. The book was rejected. Three years later, she was able to sing the socialist song well enough to permit the appearance of her first book,



Wisława Szymborska: "I believe in poetry. But just a bit."

"That's What We Live For." Those who have read it describe it as toiling the Stalinist line.

"During the period of captivity, it was the duty of the poet to speak for the nation," Szymborska notes. She was a believer: She wanted to save humanity, which after all those wartime deaths badly needed saving. Communism was full of promise and promises.

By her second book, "Questions Put to Myself" (1954), there is already the beginning of a shift from the collective to the personal, from following orders to challenging them, starting with the title. Her third book, "Calling Out to Yehi" (1957), compares Stalin to the Abominable Snowman, something

that would have been unthinkable even a year or two earlier. She married, divorced, worked for a literary magazine. New volumes of poetry appeared at regular but lengthy intervals. By the '60s, she was considered good but not great. In 1965, when Miłosz edited an anthology of postwar Polish poetry for readers in English, he included only one of her poems, but 18 for her contemporary Zbigniew Herbert.

In the main, though, it has been a quiet life. Even as Szymborska's work kept getting better and her fame was spreading in poetry circles, she declined to go much of anywhere.

In an era when most of the very

best poets measure their sales in four digits, and when the poetry reading is the means by which those few sales happen, it is truly weird that the first of those books has now sold more than 100,000 copies.

None of Szymborska's books in any language are visible in her living room, nor is any other sign of celebrity. If she's discreet about her private life, much of it is clearly spent reading.

"The book is above theater and cinema, which give to the spectator and the listener ready-made pictures and images," she says. "People with lazy imaginations, or those who are devoid of imagination, go to theaters and cinemas, but nothing happens after. The book needs the cooperation of its readers. They must make the images themselves. That makes the book superior."

Robert Hass, the former U.S. poet laureate, saw her on a panel in Krakow about a year ago. "She looked grim, as if this were the one place in the world she least wanted to be," he recalls.

She says: "Everyone sees me in some role I'm not eager to take. I don't want to be an official person. It's a disaster for writing. Everyone thinks poems are written somewhere as a side activity, and that I'm a public person and I'm owned by the public."

The wheel has come full circle: For decades she wrote poetry and was barely known. Now she's well-known and doesn't write poetry.

The interview concluded, the poet visibly relaxes. More Armagnac all around. On the way out, her assistant stops to check the day's mail. The box is filled to bursting with postcards and letters from fans around the world who have somehow gotten this address.

From "The Century's Decline": "How should we live?" someone asked me in a letter.

I had meant to ask him: The same question. Again, and as ever, as may be seen above, the most pressing questions are naive ones.

2 Strikes Against Howard Stern

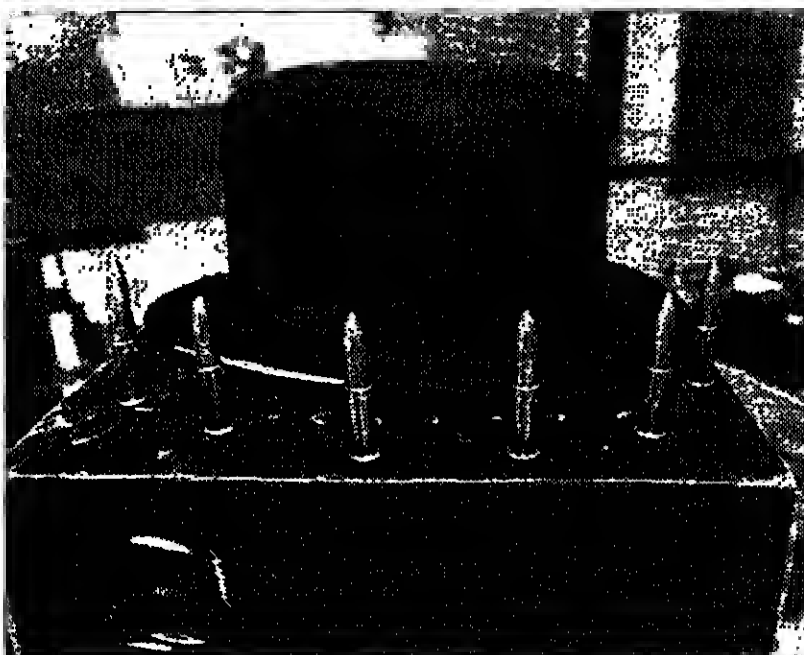
The Associated Press

LUBBOCK, Texas — Stations here and in Phoenix, Arizona, have pulled the plug on Howard Stern's two-week-old television show, calling it "morally offensive" and "cruel."

Stern's show has featured a lap dance performed by a naked woman, a female bodybuilder groped by Stern and an interview with O.J. Simpson in which he was asked for tips on removing blood stains from clothing.

Larry Landaker, vice president of KJTV, the Fox TV affiliate in Lubbock, said: "At some point you have to ask yourself, 'Does this have any value at all?' We're not trying to be moral gatekeepers of the community but this show is morally offensive and impossible to defend."

Sue Schwartz, vice president of programming at KTVK in Phoenix, said Stern was pulled because the episodes broadcast so far contained cruel segments. "What played on the radio, and perhaps might even be funny on the radio, once you added video took on the feeling of being cruel," she said.



BOND MEMORIES — The bowler hat worn by the character Oddjob in the James Bond film "Goldfinger" and prop bullets engraved with "007" are among the items to be auctioned Sept. 17 by Christie's in London.

AFTER an 18-year bureaucratic battle, France on Wednesday granted nationality to Alexander Ginzburg, the former Soviet dissident, journalist and writer. The government's refusal to grant Ginzburg nationality came to light in July after a civil servant, whose name was not given, wrote to the conservative daily Le Figaro. The subsequent discussion of the case attracted international political and media attention, prompting two government ministers to promise that Ginzburg's file would be reopened, Le Figaro said.

At the 52d Edinburgh International Film Festival, John Maybury's "Love Is the Devil," about the British painter Francis Bacon, took the award for the best new British feature, and its stars, Derek Jacobi and Daniel Craig, playing Bacon and his lover, shared the performance award.

A 230-pound woman who was denied a chance to strip at a Winnipeg area

nightclub said she planned to take the establishment "to the cleaners" if it does not apologize. Sherry VanRooy, aka Scarlet, said she was humiliated when the disk jockey at the club, in the Balmoral Motor Hotel, refused to allow her on stage on amateur night. "He said I'm overweight, I'm fat and an embarrassment and disgrace to the hotel," she said. The nightclub said too many women

wished to participate in the event, and it was forced to turn VanRooy, 29, and her husband away.

Britain's new vice-consul on the Spanish island of Ibiza says that unlike her predecessor, she is proud to be British and does not disdain tourists from the United Kingdom. "All Britons are

Diana's Sons Ask for an End to Mourning

The Associated Press

LONDON — The sons of Diana, Princess of Wales, appealed to Britons on Wednesday to let their mother and her memory rest in peace, saying "constant reminders of her death can create nothing but pain to those she left behind."

In a statement issued two days after the first anniversary of Diana's death, Prince William, 16, and Prince Harry, 13, declared that the public mourning period should now end.

The Press Association said the appeal apparently was decided upon over the weekend at Balmoral, Queen Elizabeth II's Scottish estate, where the boys spent the anniversary with the rest of the royal family. The news agency said the boys were prompted to issue it by their concern over the constant references to their mother and the "Diana industry" that has sprouted up in the past year.

not hoodlums," Helen Watson, 47, said at a news conference before starting her new job. Watson, who has lived on the island for the past 16 years, took over the job after her predecessor, Michael Birkett, quit in a buff out of "disgust" at fellow Britons after spending 18 months watching vacationing young British "degenerates." The chief tourist officer in the Balearic Islands called the former vice-consul's remarks trivial, pointing out that only 3 million of the island's annual 10 million visitors are British.

Barcelona's Fashion Café closed its doors permanently this week — never mind a notice on its doors claiming it was "closed for renovation." The Spanish representatives of the restaurant chain owned by the supermodels Claudia Schiffer, Naomi Campbell and Elle McPherson have officially acknowledged that "business reasons" led to a permanent closure. They would not elaborate, but news reports said the company was bankrupt.



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